



Senate

File No. 787

General Assembly

January Session, 2003

(Reprint of File Nos. 193 and 636)

Substitute Senate Bill No. 985
As Amended by Senate Amendment
Schedule "A" and House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 30, 2003

AN ACT CONCERNING BANK AND CREDIT UNION TRANSACTIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-2 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2003*):

3 As used in this title, unless the context otherwise requires:

4 (1) "Affiliate" of a person means any person controlling, controlled
5 by, or under common control with, that person;

6 (2) "Applicant" with respect to any license or approval provision
7 pursuant to this title means a person who applies for that license or
8 approval;

9 (3) "Automated teller machine" means a stationary or mobile
10 unattended device, including a satellite device but excluding a point of
11 sale terminal, at which banking transactions, including, but not limited
12 to, deposits, withdrawals, advances, payments or transfers, may be
13 conducted;

- 14 (4) "Bank" means a Connecticut bank or a federal bank;
- 15 (5) "Bank and trust company" means an institution chartered or
16 organized under the laws of this state as a bank and trust company;
- 17 (6) "Bank holding company" has the meaning given to that term in
18 12 USC Section 1841(a), as from time to time amended, except that the
19 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-
20 of-state bank that functions solely in a trust or fiduciary capacity;
- 21 (7) "Capital stock" when used in conjunction with any bank or out-
22 of-state bank means a bank or out-of-state bank that is authorized to
23 accumulate funds through the issuance of its capital stock;
- 24 (8) "Club deposit" means deposits to be received at regular intervals,
25 the whole amount deposited to be withdrawn by the owner or repaid
26 by the bank in not more than fifteen months from the date of the first
27 deposit, and upon which no interest or dividends need to be paid;
- 28 (9) "Commissioner" means the Commissioner of Banking and, with
29 respect to any function of the commissioner, includes any person
30 authorized or designated by the commissioner to carry out that
31 function;
- 32 (10) "Company" means any corporation, joint stock company, trust,
33 association, partnership, limited partnership, unincorporated
34 organization, limited liability company or similar organization, but
35 does not include (A) any corporation the majority of the shares of
36 which are owned by the United States or by any state, or (B) any trust
37 which by its terms must terminate within twenty-five years or not later
38 than twenty-one years and ten months after the death of beneficiaries
39 living on the effective date of the trust;
- 40 (11) "Connecticut bank" means a bank and trust company, savings
41 bank or savings and loan association chartered or organized under the
42 laws of this state;
- 43 (12) "Connecticut credit union" means a cooperative, nonprofit

44 financial institution that (A) is organized under chapter 667 and the
45 membership of which is limited as provided in section 36a-438a, (B)
46 operates for the benefit and general welfare of its members with the
47 earnings, benefits or services offered being distributed to or retained
48 for its members, and (C) is governed by a volunteer board of directors
49 elected by and from its membership;

50 (13) "Connecticut credit union service organization" means a credit
51 union service organization that is incorporated under the laws of this
52 state, located in this state and established by at least one Connecticut
53 credit union;

54 (14) "Consolidation" means a combination of two or more
55 institutions into a new institution; all institutions party to the
56 consolidation, other than the new institution, are "constituent"
57 institutions; the new institution is the "resulting" institution;

58 (15) "Control" has the meaning given to that term in 12 USC Section
59 1841(a), as from time to time amended;

60 (16) "Credit union service organization" means an entity organized
61 under state or federal law to provide credit union service organization
62 services primarily to its members, to Connecticut credit unions, federal
63 credit unions and out-of-state credit unions other than its members,
64 and to members of any such other credit unions;

65 (17) "Customer" means any person using a service offered by a
66 financial institution;

67 (18) "Demand account" means an account into which demand
68 deposits may be made;

69 (19) "Demand deposit" means a deposit that is payable on demand,
70 a deposit issued with an original maturity or required notice period of
71 less than seven days or a deposit representing funds for which the
72 bank does not reserve the right to require at least seven days' written
73 notice of the intended withdrawal, but does not include any time

74 deposit;

75 (20) "Deposit" means funds deposited with a depository;

76 (21) "Deposit account" means an account into which deposits may
77 be made;

78 (22) "Depositor" includes a member of a mutual savings and loan
79 association;

80 (23) "Director" means a member of the governing board of a
81 financial institution;

82 (24) "Equity capital" means the excess of a Connecticut bank's total
83 assets over its total liabilities, as defined in the instructions of the
84 federal Financial Institutions Examination Council for consolidated
85 reports of condition and income;

86 (25) "Executive officer" means every officer of a Connecticut bank
87 who participates or has authority to participate, otherwise than in the
88 capacity of a director, in major policy-making functions of such bank,
89 regardless of whether such officer has an official title or whether that
90 title contains a designation of assistant and regardless of whether such
91 officer is serving without salary or other compensation. The president,
92 vice president, secretary and treasurer of such bank are deemed to be
93 executive officers, unless, by resolution of the governing board or by
94 such bank's bylaws, any such officer is excluded from participation in
95 major policy-making functions, otherwise than in the capacity of a
96 director of such bank, and such officer does not actually participate in
97 such policy-making functions;

98 (26) "Federal agency" has the meaning given to that term in 12 USC
99 Section 3101, as from time to time amended;

100 (27) "Federal bank" means a national banking association, federal
101 savings bank or federal savings and loan association having its
102 principal office in this state;

103 (28) "Federal branch" has the meaning given to that term in 12 USC
104 Section 3101, as from time to time amended;

105 (29) "Federal credit union" means any institution chartered or
106 organized as a federal credit union pursuant to the laws of the United
107 States having its principal office in this state;

108 (30) "Fiduciary" means a person undertaking to act alone or jointly
109 with others primarily for the benefit of another or others in all matters
110 connected with its undertaking and includes a person acting in the
111 capacity of trustee, executor, administrator, guardian, assignee,
112 receiver, conservator, agent, custodian under the Connecticut Uniform
113 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting
114 in any other similar capacity;

115 (31) "Financial institution" means any Connecticut bank,
116 Connecticut credit union, or other person whose activities in this state
117 are subject to the supervision of the commissioner, but does not
118 include a person whose activities are subject to the supervision of the
119 commissioner solely pursuant to chapter 672a, 672b or 672c or any
120 combination thereof;

121 (32) "Foreign bank" has the meaning given to that term in 12 USC
122 Section 3101, as from time to time amended;

123 (33) "Foreign country" means any country other than the United
124 States and includes any colony, dependency or possession of any such
125 country;

126 (34) "Governing board" means the group of persons vested with the
127 management of the affairs of a financial institution irrespective of the
128 name by which such group is designated;

129 (35) "Holding company" means a bank holding company or a
130 savings and loan holding company, except, as used in sections 36a-180
131 to 36a-191, inclusive, "holding company" means a company that
132 controls a bank;

133 (36) "Insured depository institution" has the meaning given to that
134 term in 12 USC Section 1813, as from time to time amended;

135 (37) "Licensee" means any person who is licensed or required to be
136 licensed pursuant to the applicable provisions of this title;

137 (38) "Loan" includes any line of credit or other extension of credit;

138 (39) "Merger" means the combination of one or more institutions
139 with another which continues its corporate existence; all institutions
140 party to the merger are "constituent" institutions; the merging
141 institution which upon the merger continues its existence is the
142 "resulting" institution;

143 (40) "Mutual" when used in conjunction with any institution that is a
144 bank or out-of-state bank means any such institution without capital
145 stock;

146 (41) "Mutual holding company" means a mutual holding company
147 organized under sections 36a-192 to 36a-199, inclusive, and unless
148 otherwise indicated, a subsidiary holding company controlled by a
149 mutual holding company organized under sections 36a-192 to 36a-199,
150 inclusive;

151 (42) "Out-of-state" includes any state other than Connecticut and
152 any foreign country;

153 (43) "Out-of-state bank" means any institution that engages in the
154 business of banking, but does not include a bank, Connecticut credit
155 union, federal credit union or out-of-state credit union;

156 (44) "Out-of-state credit union" means any credit union other than a
157 Connecticut credit union or a federal credit union;

158 (45) "Out-of-state trust company" means any company chartered to
159 act as a fiduciary but does not include a company chartered under the
160 laws of this state, a bank, an out-of-state bank, a Connecticut credit
161 union, a federal credit union or an out-of-state credit union;

162 (46) "Person" means an individual, company, including a company
163 described in subparagraphs (A) and (B) of subdivision (10) of this
164 section, or any other legal entity, including a federal, state or municipal
165 government or agency or any political subdivision thereof;

166 (47) "Point of sale terminal" means a device located in a commercial
167 establishment at which sales transactions can be charged directly to the
168 buyer's deposit, loan or credit account, but at which deposit
169 transactions cannot be conducted;

170 (48) "Reorganized savings bank" means any savings bank
171 incorporated and organized in accordance with sections 36a-192 and
172 36a-193;

173 (49) "Reorganized savings and loan association" means any savings
174 and loan association incorporated and organized in accordance with
175 sections 36a-192 and 36a-193;

176 (50) "Reorganized savings institution" means any reorganized
177 savings bank or reorganized savings and loan association;

178 (51) "Representative office" has the meaning given to that term in 12
179 USC Section 3101, as from time to time amended;

180 (52) "Reserves for loan and lease losses" means the amounts
181 reserved by a Connecticut bank against possible loan and lease losses
182 as shown on the bank's consolidated reports of condition and income;

183 (53) "Satellite device" means an automated teller machine which is
184 not part of an office of the bank, Connecticut credit union or federal
185 credit union which has established such machine;

186 (54) "Savings account" means a deposit account, other than an
187 escrow account established pursuant to section 49-2a, into which
188 savings deposits may be made and which account must be evidenced
189 by periodic statements delivered at least semiannually or by a
190 passbook;

191 (55) "Savings and loan association" means an institution chartered or
192 organized under the laws of this state as a savings and loan
193 association;

194 (56) "Savings bank" means an institution chartered or organized
195 under the laws of this state as a savings bank;

196 (57) "Savings deposit" means any deposit other than a demand
197 deposit or time deposit on which interest or a dividend is paid
198 periodically;

199 (58) "Savings and loan holding company" has the meaning given to
200 that term in 12 USC Section 1467a, as from time to time amended;

201 (59) "Share account holder" means a person who maintains a share
202 account in a Connecticut credit union, federal credit union or out-of-
203 state credit union that maintains in this state a branch, as defined in
204 section 36a-435b, as amended by this act;

205 [(59)] (60) "State" means any state of the United States, the District of
206 Columbia, any territory of the United States, Puerto Rico, Guam,
207 American Samoa, the trust territory of the Pacific Islands, the Virgin
208 Islands and the Northern Mariana Islands;

209 [(60)] (61) "State agency" has the meaning given to that term in 12
210 USC Section 3101, as from time to time amended;

211 [(61)] (62) "State branch" has the meaning given to that term in 12
212 USC Section 3101, as from time to time amended;

213 [(62)] (63) "Subsidiary" has the meaning given to that term in 12
214 USC Section 1841(d), as from time to time amended;

215 [(63)] (64) "Subsidiary holding company" means a stock holding
216 company, controlled by a mutual holding company, that holds one
217 hundred per cent of the stock of a reorganized savings institution;

218 [(64)] (65) "Supervisory agency" means: (A) The commissioner; (B)

219 the Federal Deposit Insurance Corporation; (C) the Resolution Trust
220 Corporation; (D) the Office of Thrift Supervision; (E) the National
221 Credit Union Administration; (F) the Board of Governors of the
222 Federal Reserve System; (G) the United States Comptroller of the
223 Currency; and (H) any successor to any of the foregoing agencies or
224 individuals;

225 [(65)] (66) "Time account" means an account into which time
226 deposits may be made; and

227 [(66)] (67) "Time deposit" means a deposit that the depositor or
228 share account holder does not have a right and is not permitted to
229 make withdrawals from within six days after the date of deposit,
230 unless the deposit is subject to an early withdrawal penalty of at least
231 seven days' simple interest on amounts withdrawn within the first six
232 days after deposit, subject to those exceptions permissible under 12
233 CFR Part 204, as from time to time amended.

234 Sec. 2. Section 36a-3 of the general statutes is repealed and the
235 following is substituted in lieu thereof (*Effective July 1, 2003*):

236 Other definitions applying to this title or to specified parts thereof
237 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Advance fee". Sections 36a-510, 36a-485 and 36a-615.
- T4 "Advertise" or "advertisement". Sections 36a-485 and 36a-510.
- T5 "Agency bank". Section 36a-285.
- T6 "Alternative mortgage loan". Section 36a-265.
- T7 "Amount financed". Section 36a-690.
- T8 "Annual percentage rate". Section 36a-690.
- T9 "Annual percentage yield". Section 36a-316.
- T10 "Annuities". Section 36a-455a, as amended by this act.
- T11 "Applicant". Section 36a-736.
- T12 "APR". Section 36a-746a.

T13	"Assessment area". Section 36a-37.
T14	"Associate". Section 36a-184.
T15	"Associated member". Section 36a-458a.
T16	"Bank". Section 36a-30.
T17	"Bankers' bank". Section 36a-70.
T18	"Banking business". Section 36a-425.
T19	"Basic services". Section 36a-437a.
T20	"Billing cycle". Section 36a-565.
T21	"Bona fide nonprofit organization". Section 36a-655.
T22	"Branch". Sections 36a-145, 36a-410 and 36a-435b.
T23	"Branch or agency net payment entitlement". Section 36a-428n.
T24	"Branch or agency net payment obligation". Section 36a-428n.
T25	"Broker". Section 36a-746a.
T26	"Business and industrial development corporation". Section 36a-626.
T27	"Business and property in this state". Section 36a-428n.
T28	"Capital". Section 36a-435b, <u>as amended by this act.</u>
T29	"Cash advance". Section 36a-564.
T30	"Cash price". Section 36a-770.
T31	"Certificate of incorporation". Section 36a-435b, <u>as amended by</u>
T32	<u>this act.</u>
T33	"Closely related activities". Sections 36a-250 and 36a-455a.
T34	"Collective managing agency account". Section 36a-365.
T35	"Commercial vehicle". Section 36a-770.
T36	"Community bank". Section 36a-70.
T37	"Community credit union". Section 36a-37.
T38	"Community development bank". Section 36a-70.
T39	"Community reinvestment performance". Section 36a-37.
T40	"Connecticut holding company". Section 36a-410.
T41	<u>"Consolidate". Section 36a-145, as amended by this act.</u>
T42	"Construction loan". Section 36a-458a.
T43	"Consumer". Sections 36a-155, 36a-676 and 36a-695.
T44	"Consumer Credit Protection Act". Section 36a-676.
T45	"Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
T46	"Consumer collection agency". Section 36a-800.
T47	"Consummation". Section 36a-746a.

T48	"Controlling interest". Section 36a-276.
T49	"Corporate". Section 36a-435b, <u>as amended by this act.</u>
T50	"Credit". Sections 36a-645 and 36a-676.
T51	"Credit manager". Section 36a-435b, <u>as amended by this act.</u>
T52	"Creditor". Sections 36a-676, 36a-695 and 36a-800.
T53	"Credit card", "cardholder" and "card issuer". Section 36a-676.
T54	"Credit clinic". Section 36a-695.
T55	"Credit rating agency". Section 36a-695.
T56	"Credit report". Section 36a-695.
T57	"Credit sale". Section 36a-676.
T58	"Credit union service organization". Section 36a-435b, <u>as amended</u>
T59	<u>by this act.</u>
T60	"Credit union service organization services". Section 36a-435b,
T61	<u>as amended by this act.</u>
T62	"De novo branch". Section 36a-410.
T63	"Debt". Section 36a-645.
T64	"Debt adjustment". Section 36a-655.
T65	"Debt mutual fund". Sections 36a-275 and 36a-459a.
T66	"Debt securities". Sections 36a-275 and 36a-459a.
T67	"Debtor". Section 36a-655.
T68	"Deliver". Section 36a-316.
T69	"Deposit". Section 36a-316.
T70	"Deposit account". [Sections 36a-136 and] <u>Section</u>
T71	<u>36a-316.</u>
T72	"Deposit account charge". Section 36a-316.
T73	"Deposit account disclosures". Section 36a-316.
T74	"Deposit contract". Section 36a-316.
T75	"Deposit services". Section 36a-425.
T76	"Depositor". Section 36a-316.
T77	"Director". Section 36a-435b, <u>as amended by this act.</u>
T78	"Earning period". Section 36a-316.
T79	"Electronic payment instrument". Section 36a-596.
T80	["Eligible account holder". Section 36a-136.]
T81	"Eligible collateral". Section 36a-330.
T82	"Equity mutual fund". Sections 36a-276 and 36a-459a.

- T83 "Equity security". Sections 36a-276 and 36a-459a.
- T84 "Federal Credit Union Act". Section 36a-435b, as amended by
- T85 this act.
- T86 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T87 "Fiduciary". Section 36a-365.
- T88 "Filing fee". Section 36a-770.
- T89 "Finance charge". Sections 36a-690 and 36a-770.
- T90 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
- T91 36a-330, 36a-435b, as amended by this act, and 36a-736.
- T92 "Financial records". Section 36a-41.
- T93 "First mortgage broker". Section 36a-485.
- T94 "First mortgage correspondent lender". Section 36a-485.
- T95 "First mortgage lender". Section 36a-485.
- T96 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
- T97 "Foreign banking corporation". Section 36a-425.
- T98 "General facility". Section 36a-580.
- T99 "Global net payment entitlement". Section 36a-428n.
- T100 "Global net payment obligation". Section 36a-428n.
- T101 "Goods". Sections 36a-535 and 36a-770.
- T102 "Graduated payment mortgage loan". Section 36a-265.
- T103 "Guardian". Section 36a-365.
- T104 "High cost home loan". Section 36a-746a.
- T105 "Holder". Section 36a-596.
- T106 "Home banking services". Section 36a-170.
- T107 "Home banking terminal". Section 36a-170.
- T108 "Home improvement loan". Section 36a-736.
- T109 "Home purchase loan". Section 36a-736.
- T110 "Home state". Section 36a-410.
- T111 "Immediate family member". Section 36a-435b, as amended by
- T112 this act.
- T113 "Insider". Section 36a-454b.
- T114 "Installment loan contract". Sections 36a-535 and 36a-770.
- T115 "Insurance". Section 36a-455a, as amended by this act.
- T116 "Insurance bank". Section 36a-285.
- T117 "Insurance department". Section 36a-285.

T118	"Interest". Section 36a-316.
T119	"Interest rate". Section 36a-316.
T120	"Lender". Sections 36a-746a and 36a-770.
T121	"Lessor". Section 36a-676.
T122	"License". Section 36a-626.
T123	"Licensee". Sections 36a-510, 36a-596 and 36a-626.
T124	"Limited branch". Section 36a-145, <u>as amended by this act.</u>
T125	"Limited facility". Section 36a-580.
T126	"Loan broker". Section 36a-615.
T127	"Loss". Section 36a-330.
T128	"Made in this state". Section 36a-770.
T129	"Managing agent". Section 36a-365.
T130	"Manufactured home". Section 36a-457b.
T131	"Material litigation". Section 36a-596.
T132	"Member". Section 36a-435b, <u>as amended by this act.</u>
T133	"Member business loan". Section 36a-458a.
T134	"Member in good standing". Section 36a-435b, <u>as amended by</u>
T135	<u>this act.</u>
T136	"Membership share". Section 36a-435b, <u>as amended by this act.</u>
T137	<u>"Mobile branch". Section 36a-435b, as amended by this act.</u>
T138	"Money order". Section 36a-596.
T139	"Money transmission". Section 36a-365.
T140	"Mortgage insurance". Section 36a-725.
T141	"Mortgage lender". Sections 36a-485, 36a-510 and 36a-705.
T142	"Mortgage loan". Sections 36a-261, 36a-265 and 36a-457b ₂
T143	<u>as amended by this act.</u>
T144	"Mortgage rate lock-in". Section 36a-705.
T145	"Mortgage servicing company". Section 36a-715.
T146	"Mortgagor". Section 36a-715.
T147	"Motor vehicle". Section 36a-770.
T148	"Multiple common bond membership". Section 36a-435b ₂
T149	<u>as amended by this act.</u>
T150	"Municipality". Section 36a-800.
T151	"Net outstanding member business loan balance". Section 36a-458a.
T152	"Net worth". Sections 36a-441a, 36a-458a and 36a-596.

T153	"Network". Section 36a-155.
T154	"Nonrefundable". Sections 36a-498 and 36a-521.
T155	"Note account". Sections 36a-301 and 36a-456b.
T156	"Office". Section 36a-316.
T157	"Officer". Section 36a-435b, <u>as amended by this act.</u>
T158	"Open-end credit plan". Section 36a-676.
T159	"Open-end loan". Section 36a-565.
T160	"Organization". Section 36a-800.
T161	"Originator". Sections 36a-485 and 36a-510.
T162	"Out-of-state holding company". Section 36a-410.
T163	"Outstanding". Section 36a-596.
T164	"Passbook savings account". Section 36a-316.
T165	"Payment instrument". Section 36a-596.
T166	"Periodic statement". Section 36a-316.
T167	"Permissible investment". Section 36a-596.
T168	"Person". Section 36a-184.
T169	"Post". Section 36a-316.
T170	"Prepaid finance charge". Section 36a-746a.
T171	"Prepayment penalty". Section 36a-746a.
T172	"Prime quality". Section 36a-596.
T173	"Principal amount of the loan". Section 36a-510.
T174	"Processor". Section 36a-155.
T175	"Public deposit". Section 36a-330.
T176	"Purchaser". Section 36a-596.
T177	"Qualified financial contract". Section 36a-428n.
T178	"Qualified public depository" and "depository". Section 36a-330.
T179	"Real estate". Section 36a-457b.
T180	"Records". Section 36a-17.
T181	"Relocate". Sections 36a-145 and 36a-462a, <u>as amended by this act.</u>
T182	"Residential property". Section 36a-485.
T183	"Retail buyer". Sections 36a-535 and 36a-770.
T184	"Retail credit transaction". Section 42-100b.
T185	"Retail deposits". Section 36a-70.
T186	"Retail installment contract". Sections 36a-535 and 36a-770.
T187	"Retail installment sale". Sections 36a-535 and 36a-770.

T188	"Retail seller". Sections 36a-535 and 36a-770.
T189	"Reverse annuity mortgage loan". Section 36a-265.
T190	"Sales finance company". Sections 36a-535 and 36a-770.
T191	"Savings department". Section 36a-285.
T192	"Savings deposit". Section 36a-316.
T193	"Secondary mortgage broker". Section 36a-510.
T194	"Secondary mortgage correspondent lender". Section 36a-510.
T195	"Secondary mortgage lender". Section 36a-510.
T196	"Secondary mortgage loan". Section 36a-510.
T197	"Security convertible into a voting security". Section 36a-184.
T198	"Senior management". Section 36a-435b, <u>as amended by this act.</u>
T199	"Share". Section 36a-435b, <u>as amended by this act.</u>
T200	"Simulated check". Sections 36a-485 and 36a-510.
T201	"Single common bond membership". Section 36a-435b,
T202	<u>as amended by this act.</u>
T203	"Social purpose investment". Section 36a-277.
T204	"Standard mortgage loan". Section 36a-265.
T205	"Table funding agreement". Section 36a-485.
T206	"Tax and loan account". Sections 36a-301 and 36a-456b.
T207	"The Savings Bank Life Insurance Company". Section 36a-285.
T208	"Time account". Section 36a-316.
T209	["Transaction". Section 36a-215.]
T210	"Travelers check". Section 36a-596.
T211	"Troubled Connecticut credit union". Section 36a-448a.
T212	["Troubled financial institution". Section 36a-215.]
T213	"Uninsured bank". Section 36a-70.
T214	"Unsecured loan". Section 36a-615.
T215	"Warehouse agreement". Section 36a-485.

238 Sec. 3. Section 36a-65 of the general statutes is repealed and the
239 following is substituted in lieu thereof (*Effective July 1, 2003*):

240 (a) The commissioner shall annually, on or after July first for the
241 fiscal year commencing on said July first, collect pro rata based on
242 asset size from each Connecticut bank and each Connecticut credit

243 union an amount sufficient in the commissioner's judgment to meet
244 the expenses of the Department of Banking, including a reasonable
245 reserve for contingencies, provided the commissioner shall not collect
246 such amount from a newly organized Connecticut credit union until
247 July first following the third full calendar year after issuance by the
248 commissioner of such credit union's certificate of authority. Such
249 assessments and expenses shall not exceed the budget estimates
250 submitted in accordance with section 36a-13. Such assessments may be
251 made more frequently than annually at the discretion of the
252 commissioner. Such assessments for any fiscal year shall be reduced
253 pro rata by the amount of any surplus from the assessments of prior
254 fiscal years, which surplus shall be maintained in accordance with
255 subdivision (4) of subsection [(c)] (b) of this section. The commissioner
256 may reduce any such assessment collected from a Connecticut bank up
257 to the amount of any assessment for the same fiscal year collected from
258 such bank by another state in which such bank has established a
259 branch, limited branch or mobile branch. The commissioner may
260 reduce any such assessment collected from a Connecticut credit union
261 up to the amount of any assessment for the same fiscal year collected
262 from such credit union by another state in which such credit union has
263 established a branch. Such assessments for any fiscal year shall be a
264 liability of such banks and credit unions as of the assessment date.
265 Except as provided in this subsection, such assessments shall not be
266 prorated for any reason.

267 [(b) (1) The fee for trust department examinations shall be the actual
268 cost of examination, as such cost is determined by the commissioner.

269 (2) The fee for an examination of a Connecticut credit union service
270 organization is the actual cost of the examination, as such cost is
271 determined by the commissioner.

272 (3) A licensee under section 36a-489, 36a-511, 36a-536, 36a-555, 36a-
273 581, 36a-600, 36a-633, 36a-656 or 36a-801 shall pay to the commissioner
274 the actual cost of any examination of the licensee, as such cost is
275 determined by the commissioner. Failure by the licensee to pay such

276 cost not later than thirty days of receipt of demand from the
277 commissioner shall automatically suspend the license until the costs
278 are paid.]

279 [(c)] (b) (1) Each such bank and credit union shall pay the
280 commissioner the amount allocated to it within twenty business days
281 from the time the commissioner mails a notice to it of the amount due,
282 with an additional two hundred dollars if the amount allocated is not
283 paid in the time specified. The provisions of this subdivision shall not
284 apply to any person required to pay the commissioner any fee for
285 license or registration or the whole cost of all examinations made by
286 the commissioner.

287 (2) The State Treasurer shall place all funds received from the
288 commissioner and all moneys received from any person for documents
289 or reports sold by the commissioner in a special fund to be known as
290 the State Banking Fund. [On and after September 19, 1991, amounts]
291 Amounts in the fund may be expended only pursuant to appropriation
292 by the General Assembly.

293 (3) The Comptroller shall determine for each fiscal year the expenses
294 of the Department of Banking.

295 (4) The Secretary of the Office of Policy and Management shall
296 examine the State Banking Fund annually after the Comptroller has
297 made his determination and shall direct the Treasurer to set aside
298 within the Banking Fund amounts in excess of a reasonable reserve for
299 contingencies, which excess amounts shall be considered a surplus for
300 the purposes of subsection (a) of this section.

301 (c) (1) The fee for an examination of a trust department of a
302 Connecticut bank shall be the actual cost of the examination, as such
303 cost is determined by the commissioner.

304 (2) The fee for an examination of a Connecticut bank organized to
305 function solely in a fiduciary capacity shall be the actual cost of the
306 examination, as such cost is determined by the commissioner.

307 (3) The fee for an examination of a Connecticut credit union service
308 organization is the actual cost of the examination, as such cost is
309 determined by the commissioner.

310 (4) The fee for an examination of an out-of-state branch of a
311 Connecticut bank or a branch in this state of an out-of-state bank shall
312 be the actual cost of the examination, as such cost is determined by the
313 commissioner, and the commissioner may share any such fee with
314 other banking regulators in accordance with agreements entered into
315 by the commissioner pursuant to subsection (j) of section 36a-145, as
316 amended by this act, and subdivision (5) of subsection (a) and
317 subsection (b) of section 36a-412, as amended by this act.

318 (5) The fee for an examination of an out-of-state branch of a
319 Connecticut credit union or a branch in this state of an out-of-state
320 credit union shall be the actual cost of the examination, as such cost is
321 determined by the commissioner, and the commissioner may share
322 any such fee with other state or federal credit union regulators in
323 accordance with agreements entered into by the commissioner
324 pursuant to subsection (f) of section 36a-462a, as amended by this act,
325 and subsection (b) of section 36a-462b, as amended by this act.

326 (6) A licensee under section 36a-489, 36a-513, 36a-541, 36a-556, 36a-
327 581, 36a-600, 36a-628, 36a-656 or 36a-801 shall pay to the commissioner
328 the actual cost of any examination of the licensee, as such cost is
329 determined by the commissioner. If the licensee fails to pay such cost
330 not later than thirty days after receipt of demand from the
331 commissioner, the commissioner shall automatically suspend the
332 license until such costs are paid.

333 (d) (1) The fee for investigating and processing each application is as
334 follows:

335 (A) Establishment of (i) a branch under subdivision (1) of subsection
336 (b) of section 36a-145, as amended by this act, two thousand dollars;
337 (ii) a mobile branch under subdivision (1) of subsection (d) of section
338 36a-145, as amended by this act, one thousand five hundred dollars;

339 (iii) a limited branch under subdivision (1) of subsection (c) of section
340 36a-145, as amended by this act, one thousand five hundred dollars;
341 (iv) a special need limited branch under subdivision [(2)] (4) of
342 subsection (c) of section 36a-145, as amended by this act, five hundred
343 dollars; (v) an out-of-state branch under subsection [(i)] (j) of section
344 36a-145, as amended by this act, a reasonable fee not to exceed two
345 thousand dollars from which any fees paid to a state other than this
346 state or to a foreign country in connection with the establishment shall
347 be deducted; and (vi) an out-of-state limited or mobile branch under
348 subsection (i) of section 36a-145, as amended by this act, a reasonable
349 fee not to exceed one thousand five hundred dollars from which any
350 fees paid to a state other than this state or to a foreign country in
351 connection with the establishment shall be deducted.

352 (B) Sale of (i) a branch under subsection [(h)] (i) of section 36a-145,
353 as amended by this act, two thousand dollars, except there shall be no
354 fee for the sale of a branch of a Connecticut bank to another
355 Connecticut bank or to a Connecticut credit union; and (ii) a limited
356 branch, including a special need limited branch or mobile branch
357 under subsection [(h)] (i) of section 36a-145, as amended by this act, a
358 fee not to exceed one thousand five hundred dollars.

359 (C) Relocation of (i) a main office of a Connecticut bank under
360 subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch
361 or a limited branch under subsection (g) of section 36a-145, as
362 amended by this act, five hundred dollars.

363 (D) Conversions from (i) a branch to a limited branch under
364 subdivision [(1)] (3) of subsection (c) of section 36a-145, as amended by
365 this act; and (ii) a limited branch to a branch under subdivision [(4)] (3)
366 of subsection (b) of section 36a-145, as amended by this act, five
367 hundred dollars.

368 (E) Merger or consolidation [of] involving a Connecticut bank under
369 section 36a-125 or subsection (a) of section 36a-126, two thousand five
370 hundred dollars if two institutions are involved and five thousand

371 dollars if three or more institutions are involved.

372 (F) [Purchase] Acquisition of assets or [assumption of liabilities,
373 other than by a Connecticut credit union or federal credit union,]
374 business under section 36a-210, as amended by this act, two thousand
375 five hundred dollars.

376 (G) Organization of a holding company under section 36a-181, two
377 thousand five hundred dollars.

378 (H) Organization of any Connecticut bank under section 36a-70,
379 fifteen thousand dollars, except no fee shall be required for the
380 organization of an interim Connecticut bank.

381 (I) Reorganization of a mutual savings bank or mutual savings and
382 loan association into a mutual holding company under section 36a-192,
383 five thousand dollars.

384 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five
385 thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two
386 thousand five hundred dollars; and (iii) section 36a-139b, as amended
387 by this act, fifteen thousand dollars.

388 (K) Acquiring, altering or improving real estate for present or future
389 use in the business of the bank or purchasing real estate adjoining any
390 parcel of real estate owned by the bank under subdivision (33) of
391 subsection (a) of section 36a-250, five hundred dollars.

392 (2) The fee for investigating and processing each acquisition
393 statement filed under section 36a-184 is two thousand five hundred
394 dollars, except if the acquisition statement is filed in connection with a
395 transaction that requires one or more applications, a reasonable fee not
396 to exceed two thousand five hundred dollars.

397 (3) Any fee for processing a notice of closing of a branch, limited
398 branch or special need limited branch under subdivision (1) of
399 subsection (f) of section 36a-145, as amended by this act, if charged,
400 shall not exceed two thousand dollars. There shall be no fee for

401 processing a notice of closing of any mobile branch.

402 (4) The fee for a miscellaneous [investigations] investigation shall be
403 the actual cost of the investigation, as such cost is determined by the
404 commissioner.

405 Sec. 4. Section 36a-136 of the general statutes is repealed and the
406 following is substituted in lieu thereof (*Effective July 1, 2003*):

407 [(a) As used in this section: (1) "Eligible account holder" means any
408 person holding a qualifying deposit; (2) "deposit account" means a
409 deposit account, as defined in subdivision (21) of section 36a-2, but
410 does not include an escrow account established pursuant to section 49-
411 2a; (3) "qualifying deposit" means a deposit in a deposit account held
412 on the eligibility record date. The amount of the qualifying deposit of
413 an eligible account holder shall be the total of the deposit balances in
414 the eligible account holder's deposit accounts in the converting
415 institution as of the close of business on the eligibility record date.]

416 [(b)] (a) With the approval of the commissioner, any mutual savings
417 bank, mutual savings and loan association, federal mutual savings
418 bank or federal mutual savings and loan association may convert to a
419 capital stock bank in accordance with the provisions of this section and
420 the regulations adopted pursuant to subsection [(h)] (f) of this section,
421 provided this section does not apply to the conversion of a mutual
422 federal bank to a capital stock federal bank. The commissioner may
423 deny an application for conversion made pursuant to this section after
424 allowing the applicant a reasonable opportunity to be heard.

425 [(c)] (b) A conversion of a federal mutual savings bank or federal
426 mutual savings and loan association to a capital stock Connecticut
427 bank shall be authorized only if permitted by federal law and shall be
428 subject to all requirements prescribed by federal law. A conversion of a
429 mutual savings bank or mutual savings and loan association to a
430 capital stock federal bank shall be authorized only if permitted by
431 federal law and shall be subject to all requirements prescribed by
432 federal law.

433 [(d)] (c) The converting institution shall file with the commissioner a
434 proposed plan of conversion, a copy of the proposed amended
435 certificate of incorporation and a certificate by the secretary of the
436 converting institution that the proposed plan of conversion has been
437 approved, in accordance with subsection [(e)] (d) of this section, by the
438 governing board and in the case of a converting savings and loan
439 association, federal savings bank or federal savings and loan
440 association, the depositors or members thereof.

441 [(e)] (d) The plan of conversion shall require the approval of a
442 majority of the governing board of the converting institution. In the
443 case of a converting savings and loan association, the plan of
444 conversion shall also require the favorable vote of not less than fifty-
445 one per cent of the votes cast by depositors of such association at a
446 special meeting called to consider such conversion. In the case of a
447 federal savings bank or federal savings and loan association, the plan
448 of conversion shall require any vote of depositors or members
449 prescribed by federal law.

450 [(f)] (e) In any conversion under this section, each [eligible] account
451 holder of the converting institution deemed eligible under regulations
452 adopted pursuant to subsection (f) of this section shall receive, without
453 payment, nontransferable subscription rights to purchase capital stock
454 of the converted institution pursuant to a subscription offering, and
455 such offering shall precede any offering of the converting institution's
456 stock to the members of the community and of the general public.

457 [(g)] Each converting institution shall, at the time of conversion,
458 establish a liquidation account for the benefit of [eligible] such account
459 holders and such liquidation account shall establish a priority upon
460 liquidation. The [provisions of this subsection] requirement concerning
461 the establishment of a liquidation account shall not apply to the
462 formation of a mutual holding company or a reorganized savings
463 institution of such mutual holding company under sections 36a-192
464 and 36a-193 or to the issuance of capital stock by such reorganized
465 savings institution under sections 36a-195 and 36a-196.

466 [(h)] (f) The commissioner shall adopt regulations in accordance
467 with chapter 54 to govern the conversion of mutual institutions to
468 capital stock institutions. Such regulations shall be similar in scope and
469 content to the regulations of the Office of Thrift Supervision, 12 CFR
470 Part 563b, as from time to time amended, for the conversion of mutual
471 savings institutions into stock savings institutions. The commissioner
472 may waive any provision of the regulations adopted pursuant to this
473 section that is inconsistent with the regulations of the Office of Thrift
474 Supervision or if such waiver is necessary to comply with the
475 requirements of the Federal Deposit Insurance Corporation or its
476 successor agency.

477 [(i)] (g) If the commissioner certifies in writing that the protection of
478 depositors or other creditors of such converting institution requires
479 that the conversion proceed without delay, the commissioner may
480 waive any provision of the regulations adopted pursuant to subsection
481 [(h)] (f) of this section that the commissioner determines will cause
482 such delay.

483 [(j)] (h) The commissioner [shall] may approve a conversion under
484 this section only if the commissioner determines that: (1) The
485 converting institution has complied with all applicable provisions of
486 law; (2) the conversion would not result in any reduction of the
487 converting institution's amount of equity capital, less any
488 subordinated debt recognized as bona fide capital; (3) the conversion
489 would not result in a taxable reorganization of the converting
490 institution under the Internal Revenue Code of 1986, or any
491 subsequent corresponding internal revenue code of the United States,
492 as from time to time amended; and (4) the plan of conversion is fair to
493 depositors. The converted institution shall not commence business
494 unless its insurable accounts and deposits are insured by the Federal
495 Deposit Insurance Corporation or its successor agency.

496 Sec. 5. Section 36a-145 of the general statutes is repealed and the
497 following is substituted in lieu thereof (*Effective July 1, 2003*):

498 (a) As used in this section:

499 (1) "Branch" means any office at a fixed location of a Connecticut
500 bank, other than the main office, at which deposits are received, checks
501 paid and money lent and which, [maintains minimum banking hours
502 from nine o'clock a.m. until three o'clock p.m.,] at a minimum, is open
503 for banking business Monday through Friday.

504 (2) "Consolidate" means to combine within the same neighborhood,
505 without substantially affecting the nature of the business or customers
506 served, (A) two or more branches into a single branch; (B) one or more
507 branches and one or more limited branches into a single branch or
508 limited branch; (C) two or more limited branches into a single limited
509 branch; or (D) one or more branches or limited branches into a main
510 office.

511 [(2)] (3) "Limited branch" means any office at a fixed location of a
512 Connecticut bank at which banking business is conducted other than
513 the main office, branch or mobile branch.

514 [(3)] (4) "Mobile branch" means any office of a Connecticut bank at
515 which banking business is conducted which is in fact moved or
516 transported to one or more predetermined locations in accordance
517 with a predetermined schedule.

518 [(4)] (5) "Relocate" means to move within the same immediate
519 neighborhood without substantially affecting the nature of the
520 business or customers served.

521 (b) (1) With the approval of the commissioner, any Connecticut
522 bank may establish a branch in this state.

523 [(2)] The commissioner shall not approve the establishment of a
524 branch under this subsection unless the commissioner considers
525 whether: (A) Establishment of the branch will result in an
526 oversaturation of depository institutions in the town in which the
527 branch is to be located or in the area surrounding the town; (B)

528 establishment of the branch is consistent with safe and sound banking
529 practices; [in the town or the surrounding area;] (C) the Connecticut
530 bank seeking approval of the branch intends to operate the branch on a
531 long-term basis; and (D) the Connecticut bank maintains, and will
532 continue to maintain, a reasonable ratio of loans made in the state to
533 deposits received from residents of the state. In determining whether
534 to approve the establishment of a branch under this subsection, the
535 commissioner shall not consider the existence of any office established
536 under subsection (d) of section 36a-425 by the Connecticut bank, or by
537 a holding company of which the Connecticut bank is a subsidiary, that
538 is situated at or near the location of the branch.

539 [(3)] The commissioner shall not approve the establishment of any
540 branch under this subsection unless the commissioner makes the
541 findings required under section 36a-34.

542 (2) For a period of three years following the issuance of its final
543 certificate of authority pursuant to subsection (l) of section 36a-70, a
544 Connecticut bank may, with thirty days prior notice to the
545 commissioner, establish a branch in this state if the proposed branch
546 was approved as part of the application to organize such bank, unless
547 the commissioner requires an approval pursuant to subdivision (1) of
548 this subsection.

549 [(4)] (3) With the approval of the commissioner, any Connecticut
550 bank may convert a limited branch in this state to a branch. The
551 commissioner shall not approve a conversion under this subdivision
552 unless the commissioner considers such factors and makes such
553 findings under [subdivisions (2) and (3)] subdivision (1) of this
554 subsection as the commissioner deems applicable.

555 (c) (1) With the approval of the commissioner, any Connecticut bank
556 may establish in this state a limited branch [, either de novo or
557 resulting from the conversion of a branch,] that provides limited
558 services or is open for limited time periods. The commissioner shall
559 not approve the establishment of a limited branch under this

560 subdivision unless the commissioner considers such factors and makes
561 such findings under [subdivisions (2) and (3)] subdivision (1) of
562 subsection (b) of this section as the commissioner deems applicable.
563 The commissioner shall approve such establishment if the
564 commissioner determines that: (A) The interest of the neighborhood
565 where the limited branch is to be located will be served to advantage
566 by the establishment [or conversion] of the proposed branch, and (B)
567 the proposed products, services and banking hours are appropriate to
568 meet the convenience and needs of the neighborhood; [and (C) in the
569 case of an establishment resulting from the conversion of a branch to a
570 limited branch, alternative banking services are available in the
571 neighborhood so that any reduction in services or hours will not result
572 in unmet banking needs.]

573 (2) For a period of three years following the issuance of its final
574 certificate of authority pursuant to subsection (l) of section 36a-70, a
575 Connecticut bank may, with thirty days prior notice to the
576 commissioner, establish a limited branch in this state if the proposed
577 limited branch was approved as part of the application to organize
578 such bank, unless the commissioner requires an approval pursuant to
579 subdivision (1) of this subsection.

580 (3) With the approval of the commissioner, any Connecticut bank
581 may convert a branch in this state to a limited branch. The
582 commissioner shall not approve a conversion under this subdivision
583 unless the commissioner considers such factors and makes such
584 findings under subdivision (1) of subsection (b) of this section as the
585 commissioner deems applicable, and the commissioner determines
586 that alternative banking services are available in the neighborhood so
587 that any reduction in services will not result in unmet banking needs.

588 [(2)] (4) With the approval of the commissioner, any Connecticut
589 bank may establish in this state a special need limited branch that
590 provides limited services or is open for limited time periods in order to
591 meet a special need of the neighborhood in which such limited branch
592 is to be located. The commissioner shall not approve the establishment

593 of a special need limited branch under this subdivision unless the
594 commissioner considers such factors and makes such findings and
595 determinations under subdivision (1) of this subsection as the
596 commissioner deems necessary.

597 [(3)] (5) A limited branch [or mobile branch] shall be conspicuously
598 identified as a branch of the Connecticut bank. The commissioner may
599 condition the approval of such branch with any other requirement that
600 the commissioner deems necessary or appropriate for the protection of
601 depositors or the Connecticut bank.

602 (d) (1) With the approval of the commissioner for each
603 predetermined location, any Connecticut bank may establish in this
604 state a mobile branch, [that provides full or limited services or is open
605 for full or limited time periods.] The commissioner shall not approve
606 the establishment of a mobile branch under this subsection unless the
607 commissioner makes the considerations, findings and determinations
608 required under subdivision (1) of subsection (c) of this section,
609 provided that in the case of a mobile branch established in order to
610 meet a special need of the neighborhood in which such mobile branch
611 is to be located, the commissioner shall not approve such
612 establishment unless the commissioner makes the considerations and
613 determinations required under subdivision [(2)] (4) of subsection (c) of
614 this section.

615 (2) A mobile branch shall be conspicuously identified as a branch of
616 the Connecticut bank. The commissioner may condition approval of
617 such mobile branch with any other requirement that the commissioner
618 deems necessary or appropriate for the protection of depositors or the
619 Connecticut bank.

620 (e) Nothing in this section shall prohibit a Connecticut bank from
621 establishing or operating a branch, limited branch or mobile branch in
622 the same or approximately the same location as another depository
623 institution, or continuing to operate as a branch, limited branch or
624 mobile branch in this state in the same or approximately the same

625 location, the business of any other depository institution which has
626 been acquired by the Connecticut bank.

627 (f) (1) A Connecticut bank which proposes to close any branch or
628 limited branch shall submit to the commissioner a notice of the
629 proposed closing not later than the first day of the ninety-day period
630 ending on the date proposed for that closing. The notice shall include a
631 detailed statement of the reasons for the decision to close the branch or
632 limited branch and the statistical and other information in support of
633 such reasons. After receipt of the notice, the commissioner may require
634 the Connecticut bank to submit any additional information.

635 (2) The Connecticut bank shall provide notice of the proposed
636 closing to its customers by:

637 (A) Posting a notice in a conspicuous manner on the premises of the
638 branch or limited branch proposed to be closed during a period not
639 less than the thirty-day period ending on the date proposed for that
640 closing; [.] and

641 (B) Including a notice in at least one of any regular account
642 statements mailed to customers of the branch or limited branch
643 proposed to be closed or in a separate mailing, by not later than the
644 beginning of the ninety-day period ending on the date proposed for
645 that closing.

646 (3) (A) A Connecticut bank which proposes to close any mobile
647 branch shall submit to the commissioner a notice of the proposed
648 closing not later than thirty days prior to the date proposed for such
649 closing. The notice shall include a detailed statement of the reasons for
650 the decision to close the mobile branch and the statistical and other
651 information in support of such reasons. After receipt of the notice, the
652 commissioner may require the Connecticut bank to submit any
653 additional information.

654 (B) A Connecticut bank which proposes to close any predetermined
655 location of a mobile branch shall notify the commissioner prior to the

656 closing of such location.

657 (g) [With the approval of the commissioner any] Any Connecticut
658 bank may relocate within this state any branch or limited branch
659 established in this state in accordance with such notice to customers
660 and other requirements as the commissioner may prescribe, provided
661 the bank submits written notice to the commissioner not later than
662 thirty days prior to the date of such relocation.

663 (h) Any Connecticut bank may consolidate within this state any
664 branch, limited branch or main office established in this state in
665 accordance with such notice to customers and other requirements as
666 the commissioner may prescribe, provided the bank submits written
667 notice to the commissioner not later than thirty days prior to the date
668 of such consolidation.

669 [(h)] (i) With the approval of the commissioner, a Connecticut bank
670 may sell a branch, limited branch or mobile branch established in this
671 state to any bank, Connecticut credit union or federal credit union. The
672 selling Connecticut bank must have been in existence and
673 continuously operating for at least five years unless the commissioner
674 waives this requirement. The commissioner shall not approve such
675 sale if such acquiring bank or credit union, including all insured
676 depository institutions which are affiliates of the bank or credit union,
677 upon consummation of the sale, would control thirty per cent or more
678 of the total amount of deposits of insured depository institutions in
679 this state, unless the commissioner permits a greater percentage of
680 such deposits. Approval under this subsection shall not be required if
681 approval under section 36a-210, as amended by this act, is required for
682 such sale.

683 [(i)] (j) With the approval of the commissioner, a Connecticut bank
684 may establish a branch, limited branch or mobile branch outside of this
685 state in accordance with applicable law. The commissioner shall not
686 grant such approval, unless: (1) The commissioner finds, in accordance
687 with regulations adopted pursuant to chapter 54, that the Connecticut

688 bank has a record of compliance with the requirements of the
689 Community Reinvestment Act of 1977, 12 USC 2901 et seq., as from
690 time to time amended, sections 36a-30 to 36a-33, inclusive, to the extent
691 applicable, and applicable consumer protection laws; (2) the
692 Connecticut bank is adequately capitalized and the commissioner
693 determines that it will continue to be adequately capitalized; and (3)
694 the Connecticut bank is adequately managed and the commissioner
695 determines that it will continue to be adequately managed. The
696 commissioner may examine and supervise the out-of-state branches of
697 any such Connecticut bank and may enter into agreements with other
698 state or federal banking regulators or similar regulators in a foreign
699 country concerning such examinations or supervision. Any such
700 agreement may include provisions concerning the assessment or
701 sharing of fees for such examination or supervision.

702 [(j) With the approval of the commissioner, any] (k) Any
703 Connecticut bank may relocate outside of this state any branch or
704 limited branch established outside of this state in accordance with such
705 notice to customers and other requirements as the commissioner may
706 prescribe, provided the bank submits written notice to the
707 commissioner not later than thirty days prior to the date of such
708 relocation.

709 (l) Any Connecticut bank may consolidate outside of this state any
710 branch or limited branch established outside of this state in accordance
711 with such notice to customers and other requirements as the
712 commissioner may prescribe, provided the bank submits written
713 notice to the commissioner not later than thirty days prior to the date
714 of such consolidation.

715 [(k)] (m) With the approval of the commissioner, a Connecticut bank
716 may sell a branch, limited branch or mobile branch established outside
717 of this state. The selling Connecticut bank must have been in existence
718 and continuously operating for at least five years unless the
719 commissioner waives this requirement. Approval under this
720 subsection shall not be required if approval under section 36a-210, as

721 amended by this act, is required for such sale.

722 Sec. 6. Section 36a-210 of the general statutes is repealed and the
723 following is substituted in lieu thereof (*Effective July 1, 2003*):

724 (a) (1) With the approval of the commissioner, [(1)] a Connecticut
725 bank [or a Connecticut credit union may sell] may transfer all or a
726 significant part of its assets [and] or business to a bank, [, and (2) a
727 Connecticut credit union may sell all or a significant part of its assets
728 and business to a Connecticut credit union or a federal credit union.]
729 The [selling Connecticut] transferring bank must have been in
730 existence and continuously operating for at least five years unless the
731 commissioner waives this requirement. The commissioner shall not
732 approve such [sale] transfer if the [purchasing institution] acquiring
733 bank, including all insured depository institutions which are affiliates
734 of such [institution] bank, upon consummation of the [sale] transfer,
735 would control thirty per cent or more of the total amount of deposits of
736 insured depository institutions in this state, unless the commissioner
737 permits a greater percentage of such deposits. The [selling and
738 purchasing institutions] transferring and acquiring banks shall file
739 with the commissioner a written agreement approved and executed by
740 a majority of the governing board of each [institution] bank prescribing
741 the terms and conditions of the transaction. In the case of a [sale]
742 transfer of all of the assets and business of the [selling institution]
743 transferring bank, the terms of the agreement shall at least provide for
744 full payment of the amounts due depositors [, share account holders]
745 and creditors of the [selling institution] transferring bank. Payment for
746 all or part of the assets and business of the [selling institution]
747 transferring bank may be made in cash or by making available on
748 demand to depositors [, share account holders] and other creditors
749 thereof funds on deposit with the [purchasing institution] acquiring
750 bank. Prior to the [sale] transfer of all or substantially all of the assets
751 and business of [an institution] a Connecticut bank pursuant to this
752 section, [the selling institution] such bank shall obtain authorization
753 for the [sale] transfer by the affirmative vote of at least: (A) Two-thirds
754 of the voting power of the outstanding shares of each class of stock,

755 whether or not otherwise entitled to vote, in the case of a capital stock
756 Connecticut bank; (B) two-thirds of the voting power of the [members
757 or] depositors, in the case of a mutual savings and loan association; [or
758 a Connecticut credit union;] and (C) two-thirds of the governing board
759 and two-thirds of the voting power of the corporators, in the case of
760 mutual savings bank, which voting power shall, in any event, be no
761 less than twenty-five corporators.

762 [(b)] In lieu of [the] such vote, [required by subsection (a) of this
763 section,] the commissioner may certify in writing that the protection of
764 depositors [, share account holders, members] or creditors of the
765 [selling institution] transferring bank requires that the [sale] transfer
766 proceed without delay.

767 (2) The provisions of this subsection shall not apply to the
768 liquidation of all of the retail deposits of a Connecticut bank pursuant
769 to subsection (e) of section 36a-139b.

770 [(c)] (3) When a Connecticut bank [or Connecticut credit union has
771 sold and conveyed] has transferred or arranged to [sell and convey]
772 transfer all of its assets and business in accordance with this section,
773 the governing board of [the selling institution] such bank shall, after
774 receiving the approval of the commissioner as provided in subdivision
775 (1) of this subsection, [(a),] send a written notice of such [sale] transfer
776 or proposed [sale] transfer to each of its depositors [, share account
777 holders] and other known creditors and shall cause a copy of such
778 notice to be published in a newspaper published in this state and
779 having a circulation in the town in which the main office of such
780 institution is located. Such notice shall inform the depositors [, share
781 account holders] and creditors of [the selling institution of the sale]
782 such bank of the transfer and of the terms thereof with reference to
783 payment of depositors [, share account holders] and creditors. Such
784 notice may provide that creditors other than depositors [and share
785 account holders] who fail to present their claims to [the selling
786 institution] such bank within four months of the date of the notice shall
787 be forever barred, and that creditors whose claims are presented

788 within the time limited but which are disallowed by [the selling
789 institution] such bank shall commence an action to enforce their claims
790 within three months of receipt of written notice disallowing their
791 claims or be forever barred. Depositors [or share account holders] shall
792 not be required to present claims for deposits [or share accounts] as
793 shown by the records of [the selling institution] such bank.

794 [(d)] At any time during the liquidation of the affairs of [the selling
795 institution] such bank, the governing board may have the privileges of
796 a business corporation in voluntary dissolution as provided by law.

797 [(e)] After the claims of depositors [, share account holders] and
798 creditors have been fully paid either by transfer to the [purchasing
799 institution] acquiring bank or in cash, or barred, the liability of the
800 [selling institution] transferring bank for such claims shall cease.

801 [(f)] Any surplus remaining in the hands of the [selling institution]
802 transferring Connecticut bank, after it has [sold] transferred all its
803 assets and business, shall, after payment of the expenses of liquidation,
804 be distributed to those entitled by law to receive such surplus in the
805 manner provided in the agreement of [sale] transfer. Thereupon the
806 governing board shall file a certificate with the commissioner stating
807 that the affairs of [the institution] such bank have been fully
808 liquidated. Upon verifying the certificate as to the facts stated therein,
809 the commissioner shall endorse the certificate "approved" and shall file
810 a copy in the office of the Secretary of the State. Upon the finding by
811 the Secretary of the State that the certificate complies with law, the
812 secretary shall endorse the same "approved" and record the certificate.
813 Thereupon the corporate existence of [the institution] such bank shall
814 cease.

815 [(g)] (b) No Connecticut bank may [purchase] acquire all or a
816 significant part of the assets [and] or business of a federal bank, a
817 federal credit union or an out-of-state bank [, and no Connecticut
818 credit union may purchase all or a significant part of the assets and
819 business of a federal credit union,] without the approval of the

820 commissioner. Such Connecticut bank [or Connecticut credit union]
821 shall file with the commissioner an application that includes a copy of
822 any notice, application and other information filed with any federal or
823 state banking [or credit union] regulator in connection with such
824 [purchase] acquisition and such additional information as may be
825 required by the commissioner. The commissioner shall not approve
826 such [purchase] acquisition if: (1) It involves the acquisition of a
827 federal bank or out-of-state bank that has not been in existence and
828 continuously operating for at least five years, unless the commissioner
829 waives this requirement; or (2) the [purchasing institution] acquiring
830 bank, including all insured depository institutions which are affiliates
831 of such institution, upon consummation of the purchase, would
832 control thirty per cent or more of the total amount of deposits of
833 insured depository institutions in this state, unless the commissioner
834 permits a greater percentage of such deposits.

835 [(h)] (c) No bank or out-of-state bank may [purchase or otherwise]
836 acquire all or a significant part of the assets [and] or business of a
837 Connecticut bank or Connecticut credit union from the receiver of such
838 bank or credit union without the approval of the commissioner.

839 Sec. 7. Section 36a-412 of the general statutes is repealed and the
840 following is substituted in lieu thereof (*Effective July 1, 2003*):

841 (a) (1) Any out-of-state bank, whether or not owned or controlled by
842 an out-of-state holding company, may, with the approval of the
843 commissioner, merge or consolidate with or acquire a branch or
844 significant part of the assets or ten per cent or more of the stock of a
845 bank provided such bank has been in existence and continuously
846 operating for at least five years, unless the commissioner waives this
847 requirement, where the institution resulting from any such merger or
848 consolidation is an out-of-state bank, provided the laws of the home
849 state of such out-of-state bank authorize, under conditions no more
850 restrictive than those imposed by the laws of this state as determined
851 by the commissioner, a bank to merge or consolidate with or purchase
852 a branch or significant part of the assets or ten per cent or more of the

853 stock of an out-of-state bank whose home state is such state. Such
854 merger, consolidation or acquisition shall not take place if the out-of-
855 state bank, including all insured depository institutions which are
856 affiliates of the out-of-state bank, upon consummation of the merger,
857 consolidation or acquisition, would control thirty per cent or more of
858 the total amount of deposits of insured depository institutions in this
859 state, unless the commissioner permits a greater percentage of such
860 deposits. Any such merger, consolidation or acquisition of assets or
861 stock shall be effected in accordance with and subject to the filing
862 requirements and any limitations imposed by the laws of this state
863 with respect to mergers, consolidations and acquisitions between
864 banks. Any such out-of-state bank that engages in business in this state
865 shall comply with the requirements of section 33-920 or subsection (a)
866 of section 33-1210. Before approving any such merger, consolidation or
867 acquisition, the commissioner shall make such considerations,
868 determinations and findings as required by the laws of this state with
869 respect to mergers, consolidations and acquisitions between banks
870 and, in addition, shall consider whether such merger, consolidation or
871 acquisition can reasonably be expected to produce benefits to the
872 public and whether such benefits clearly outweigh possible adverse
873 effects, including, but not limited to, an undue concentration of
874 resources and decreased or unfair competition. The commissioner shall
875 not approve such merger, consolidation or acquisition unless the
876 commissioner considers whether: (A) The investment and lending
877 policies of the out-of-state bank, in the case of a merger or acquisition
878 of assets, or the proposed investment and lending policies of the bank,
879 in the case of an acquisition of stock, or of the institution that will
880 result from a consolidation, are consistent with safe and sound
881 banking practices and will benefit the economy of this state; (B) the
882 services of the bank or branch to be acquired, or of the institution that
883 will result from a merger, or the proposed services of the institution
884 that will result from a consolidation, are consistent with safe and
885 sound banking practices and will benefit the economy of this state; (C)
886 the merger, consolidation or acquisition will not substantially lessen
887 competition in the banking industry of this state; (D) in the case of a

888 merger or consolidation or the acquisition of twenty-five per cent or
889 more of such stock, the out-of-state bank (i) has sufficient capital to
890 ensure, and agrees to ensure, that the bank to be acquired or the
891 institution that will result from the merger or consolidation will
892 comply with applicable minimum capital requirements, and (ii) has
893 sufficient managerial resources to operate the bank to be acquired or
894 the institution that will result from the merger or consolidation in a
895 safe and sound manner; and (E) the out-of-state bank is in compliance
896 with applicable minimum capital requirements. The commissioner
897 shall not approve such merger, consolidation or acquisition unless the
898 commissioner makes the findings required by section 36a-34. Any out-
899 of-state bank that merges or consolidates with or acquires a branch
900 pursuant to this subdivision may establish additional branches in this
901 state in accordance with section 36a-145, as amended by this act.

902 (2) Any out-of-state bank, other than a foreign bank, may, with the
903 approval of the commissioner, and in accordance with the provisions
904 of this subdivision, establish a de novo branch in this state. Such
905 establishment shall not take place unless the laws of the home state of
906 such out-of-state bank authorize, under conditions no more restrictive
907 than those imposed by the laws of this state, as determined by the
908 commissioner, a bank to establish a de novo branch in the home state
909 of such out-of-state bank, provided the commissioner may waive such
910 reciprocity requirement for the establishment of a de novo branch the
911 activities of which are limited to the exercise of fiduciary or trust
912 powers if the commissioner finds that such establishment will result in
913 net new benefits to this state. Any request for such waiver of
914 reciprocity submitted by an out-of-state bank shall include a detailed
915 statement of the reasons for the request and statistical and other
916 information to support a finding of such net new benefits. Any such
917 establishment shall be effected in accordance with and subject to the
918 filing requirements and any limitations imposed by section 36a-145, as
919 amended by this act. Any such out-of-state bank that engages in
920 business in this state shall comply with the requirements of section
921 33-920 or subsection (a) of section 33-1210. Before approving any such

922 establishment, the commissioner shall make such considerations,
923 determinations and findings as required by section 36a-145, as
924 amended by this act, and, in addition, shall consider whether such
925 establishment can reasonably be expected to produce benefits to the
926 public and whether such benefits clearly outweigh possible adverse
927 effects, including, but not limited to, an undue concentration of
928 resources and decreased or unfair competition. The commissioner shall
929 not approve such establishment unless the commissioner considers
930 whether: (A) The investment and lending policies of the out-of-state
931 bank are consistent with safe and sound banking practices and will
932 benefit the economy of this state; (B) the proposed services of the
933 branch are consistent with safe and sound banking practices and will
934 benefit the economy of this state; (C) the establishment will not
935 substantially lessen competition in this state; (D) the out-of-state bank
936 is adequately managed and will continue to be adequately managed
937 upon establishment of such branch; and (E) the out-of-state bank is in
938 compliance with applicable minimum capital requirements. The
939 commissioner shall not approve such establishment unless the
940 commissioner makes the findings required by section 36a-34. An
941 out-of-state bank which has established a de novo branch in this state
942 in accordance with this subdivision may establish additional branches
943 in this state in accordance with section 36a-145, as amended by this act,
944 provided the activities of such additional branches of an out-of-state
945 bank for which the commissioner waived such reciprocity requirement
946 shall be limited to the exercise of fiduciary or trust powers. As used in
947 this subdivision, "net new benefits" means (i) initial capital
948 investments, including any new construction, (ii) job creation plans,
949 including, but not limited to, the number of jobs to be created and the
950 average wage rates for each category of such jobs, (iii) the potential for
951 increasing state and municipal tax revenues from increased economic
952 activity and increased employment, (iv) consumer and business
953 services and other benefits to the state, local community and citizens,
954 and (v) such other matters as the commissioner may deem necessary or
955 advisable.

956 (3) Any out-of-state bank, regardless of whether it has a branch in
957 this state, may merge or consolidate with or acquire a branch in this
958 state of an out-of-state bank that has a branch in this state.

959 (4) (A) Except as provided in this section, the laws of this state shall
960 apply to any branch in this state of an out-of-state bank to the same
961 extent as such laws would apply if the branch were a federal bank,
962 provided the following laws shall apply to any branch in this state of
963 an out-of-state bank to the same extent as such laws apply to a branch
964 of a Connecticut bank: (i) Community reinvestment laws including
965 sections 36a-30 to 36a-33, inclusive, (ii) consumer protection laws
966 including sections 36a-41 to 36a-45, inclusive, 36a-290 to 36a-304,
967 inclusive, 36a-306, 36a-307, 36a-315 to 36a-323, inclusive, 36a-645 to
968 36a-647, inclusive, 36a-690, 36a-695 to 36a-700, inclusive, 36a-705 to
969 36a-707, inclusive, 36a-715 to 36a-718, inclusive, 36a-725, 36a-726, 36a-
970 755 to 36a-759, inclusive, 36a-770 to 36a-788, inclusive, and 36a-800 to
971 36a-810, inclusive, (iii) fair lending laws including sections 36a-16, 36a-
972 737, 36a-740 and 36a-741, and (iv) branching laws including sections
973 36a-23 and 36a-145, as amended by this act.

974 (B) Except as provided in this section, an out-of-state bank, other
975 than a federally-chartered out-of-state bank, that establishes a branch
976 in this state may conduct any activity at such branch (i) if such activity
977 is permissible under the laws of the home state of such out-of-state
978 bank, and (ii) to the same extent as such activity is permissible for
979 either a Connecticut bank or a branch in this state of a federally-
980 chartered out-of-state bank. If the commissioner determines that a
981 branch in this state of an out-of-state bank, other than a federally-
982 chartered out-of-state bank, is being operated in violation of any
983 applicable law of this state or in an unsafe and unsound manner, the
984 commissioner may take any enforcement action authorized under this
985 title against such out-of-state bank to the same extent as if such branch
986 were a Connecticut bank, provided the commissioner shall promptly
987 give notice of such action to the home state banking regulator of such
988 out-of-state bank and, to the extent practicable, shall consult and
989 cooperate with such regulator in pursuing and resolving such action.

990 (5) Any out-of-state bank that merges or consolidates with or
991 acquires the assets of a bank or establishes in this state a de novo
992 branch shall be subject to the supervision and examination of the
993 commissioner pursuant to regulations adopted by the commissioner in
994 accordance with chapter 54 and shall make reports to the
995 commissioner as required by the laws of this state. The commissioner
996 may examine and supervise the Connecticut branches of any such out-
997 of-state bank and may enter into agreements with other state or federal
998 banking regulators or similar regulators in a foreign country
999 concerning such examinations or supervision. [The] Any such
1000 agreement may include provisions concerning the assessment or
1001 sharing of fees for such examination or supervision. Unless waived by
1002 the commissioner, the provisions of this section shall apply to the
1003 acquisition of the assets of any bank from the receiver of such bank by
1004 any out-of-state bank.

1005 (b) A bank may merge or consolidate with an out-of-state bank
1006 where the resulting institution is a bank, or acquire a branch or a
1007 significant part of the assets or ten per cent or more of the stock of an
1008 out-of-state bank, in accordance with applicable law. Any such merger,
1009 consolidation or acquisition of assets or stock shall be effected in
1010 accordance with and subject to the limitations imposed by the laws of
1011 this state with respect to mergers, consolidations and acquisitions
1012 between banks. Any such bank may continue to operate as a branch
1013 the business of the out-of-state bank with which it has merged or
1014 consolidated or the assets of which it has acquired to the extent of the
1015 powers otherwise possessed by such bank. The commissioner may
1016 examine and supervise the out-of-state branches of any such
1017 Connecticut bank, and may enter into agreements with other state or
1018 federal banking regulators or similar regulators in a foreign country
1019 concerning such examinations or supervision. Any such agreement
1020 may include provisions concerning the assessment or sharing of fees
1021 for such examination or supervision.

1022 (c) Any acquisition by a Connecticut bank of ten per cent or more of
1023 the stock of another bank or an out-of-state bank pursuant to the

1024 authority of subsection (b) of this section is not subject to any
1025 provisions of this title limiting the ownership of stock in such
1026 institutions.

1027 Sec. 8. Section 36a-296 of the general statutes is repealed and the
1028 following is substituted in lieu thereof (*Effective July 1, 2003*):

1029 (a) (1) No bank, Connecticut credit union, or federal credit union
1030 shall establish any deposit or share account in which deposits or shares
1031 are to be held by one natural person in trust for another natural person
1032 unless the depositor or share account holder provides the bank,
1033 Connecticut credit union, or federal credit union with the name and a
1034 residential address for the beneficiary, upon establishing the deposit or
1035 share account or thereafter at the request of the bank, Connecticut
1036 credit union, or federal credit union. The depositor or share account
1037 holder may also provide the bank, Connecticut credit union, or federal
1038 credit union with a writing signed by the depositor or share account
1039 holder specifying the terms of the trust under which such deposit or
1040 share account is to be held. Unless such writing specifies to the
1041 contrary, it shall be conclusively presumed that the depositor or share
1042 account holder intends to create a trust of all funds credited to the
1043 deposit or share account from time to time upon the following terms:
1044 (A) The depositor or share account holder during the depositor's or
1045 share account holder's life may withdraw, or authorize charges
1046 against, such funds; (B) if the depositor or share account holder
1047 survives the named beneficiary, the named beneficiary's death shall
1048 terminate the trust and title to the deposit or share account shall
1049 thereupon vest in the depositor or share account holder free and clear
1050 of the trust; (C) if the named beneficiary survives the depositor or
1051 share account holder, the depositor's or share account holder's death
1052 shall terminate the trust and title to the deposit account or share
1053 account, subject to any membership restrictions for Connecticut credit
1054 unions or federal credit unions, shall thereupon vest in the named
1055 beneficiary free and clear of the trust. (2) Any bank, Connecticut credit
1056 union, or federal credit union shall be fully protected in making
1057 payment of any moneys credited to such deposit or share account in

1058 accordance with the terms of such signed writing or, in the event such
1059 writing does not specify to the contrary, in accordance with the
1060 presumptions contained in this subsection that are applicable, and the
1061 title of any person to any moneys credited to such deposit or share
1062 account and the effect of such signed writing with respect to the
1063 deposit or share account or, in the event such writing does not specify
1064 to the contrary, the effect of the presumptions contained in this
1065 subsection shall not be denied, abridged or in any way affected
1066 because such signed writing was not executed in accordance with, or
1067 otherwise fails to comply with, the laws of this state prescribing the
1068 requirements to effect a valid testamentary disposition of property or
1069 because of any absence of delivery or compliance with other
1070 requirements to effect a valid gift or transfer in trust. (3) The
1071 provisions of this subsection do not apply to deposit or share accounts
1072 accompanied by a writing of the type described in subsection (b) of
1073 this section or to any deposit or share account opened primarily for
1074 business or professional purposes, including, but not limited to,
1075 escrow accounts, trust accounts and clients' funds accounts.

1076 (b) In the case of a deposit or share account established or
1077 maintained with a bank, Connecticut credit union, or federal credit
1078 union by a trustee under a will or trust agreement or under the terms
1079 of some other written document, or by a trustee pursuant to statute or
1080 order of a court, the trustee shall provide the bank, Connecticut credit
1081 union, or federal credit union with a writing identifying such will,
1082 agreement, other written document, statute or order; and any moneys
1083 credited to a deposit or share account with respect to which the trustee
1084 has filed such a writing shall be paid only to or upon the order of such
1085 trustee or of the successor trustee. If the trustee is serving in such
1086 capacity under a will, trust agreement or other written document, a
1087 certified copy of such document shall be filed by the depositor or share
1088 account holder if at any time requested by the bank, Connecticut credit
1089 union, or federal credit union but such bank, Connecticut credit union,
1090 or federal credit union shall not be charged with notice, actual or
1091 constructive, of the contents of such will, trust agreement, or other

1092 written document. Such bank, Connecticut credit union, or federal
1093 credit union shall be fully protected in paying over any moneys
1094 credited to such deposit or share account to or upon the order of the
1095 trustee establishing or maintaining the deposit or share account or the
1096 successor trustee and shall be under no duty to inquire into the
1097 application of funds so paid.

1098 (c) (1) Subsection (a) of this section applies to all deposit accounts
1099 governed by its provisions established (A) on or after June 13, 1963,
1100 and (B) prior to that date if the depositor when establishing such
1101 deposit account or at any time thereafter provides a writing meeting
1102 the requirements of subsection (a) of this section. Subsection (b) of this
1103 section applies to all deposit accounts governed by its provisions
1104 whether such deposit accounts were established prior to June 13, 1963,
1105 or are established on or after that date.

1106 (2) Subsection (a) of this section applies to all share accounts
1107 governed by its provisions which are established at Connecticut credit
1108 unions and federal credit unions (A) on or after October 1, 2001, and
1109 (B) prior to that date if the [depositor] share account holder when
1110 establishing such share account or at any time thereafter provides a
1111 writing meeting the requirements of subsection (a) of this section.
1112 Subsection (b) of this section applies to all share accounts governed by
1113 its provisions whether such share accounts were established prior to
1114 October 1, 2001, or are established on or after that date.

1115 Sec. 9. Subsection (a) of section 36a-333 of the general statutes is
1116 repealed and the following is substituted in lieu thereof (*Effective July*
1117 *1, 2003*):

1118 (a) To secure public deposits, each qualified public depository shall
1119 at all times maintain, segregated from its other assets as provided in
1120 subsection (b) of this section, eligible collateral in an amount at least
1121 equal to the following percentage of public deposits held by the
1122 depository: (1) For any qualified public depository having a risk-based
1123 capital ratio of ten per cent or greater, a sum equal to ten per cent of all

1124 public deposits held by the depository; (2) for any qualified public
1125 depository having a risk-based capital ratio of less than ten per cent
1126 but greater than or equal to eight per cent, a sum equal to twenty-five
1127 per cent of all public deposits held by the depository; (3) for any
1128 qualified public depository having a risk-based capital ratio of less
1129 than eight per cent but greater than or equal to three per cent, a sum
1130 equal to one hundred per cent of all public deposits held by the
1131 depository; [and] (4) for any qualified public depository having a risk-
1132 based capital ratio of less than three per cent, and, notwithstanding the
1133 provisions of subdivisions (1) to (3), inclusive, of this subsection, for
1134 any qualified public depository which has been conducting business in
1135 this state for a period of less than two years except for a qualified
1136 public depository that is a successor institution to a qualified public
1137 depository which conducted business in this state for two years or
1138 more, a sum equal to one hundred and twenty per cent of all public
1139 deposits held by the depository; provided, the qualified public
1140 depository and the public depositor may agree on an amount of
1141 eligible collateral to be maintained by the depository that is greater
1142 than the minimum amounts required under subdivisions (1) to (4),
1143 inclusive, of this subsection; (5) notwithstanding the risk-based capital
1144 ratio provisions of subdivisions (1) to (3), inclusive, of this subsection,
1145 for any qualified public depository that is an uninsured bank, as
1146 defined in subdivision (1) of subsection (t) of section 36a-70, a sum
1147 equal to one hundred twenty per cent of all public deposits held by the
1148 depository; and (6) notwithstanding the risk-based capital ratio
1149 provisions of subdivisions (1) to (3), inclusive, of this subsection, for
1150 any qualified public depository that is subject to an order to cease and
1151 desist, or has entered into a stipulation and agreement, or a letter of
1152 understanding and agreement with a bank or credit union supervisor,
1153 a sum equal to one hundred twenty per cent of all public deposits held
1154 by the depository, provided, the qualified public depository and the
1155 public depositor may agree on an amount of eligible collateral to be
1156 maintained by the depository that is greater than the minimum
1157 amounts required under subdivisions (1) to (6), inclusive, of this
1158 subsection. For purposes of this subsection, the amount of all public

1159 deposits held by the depository shall be determined based on either
1160 the public deposits reported on the most recent quarterly call report or
1161 the average of the public deposits reported on the four most recent
1162 quarterly call reports, whichever amount is greater. For purposes of
1163 this subsection, the depository's risk-based capital ratio shall be
1164 determined, in accordance with applicable federal regulations and
1165 regulations adopted by the commissioner in accordance with chapter
1166 54, based on the most recent quarterly call report, provided (A) if,
1167 during any calendar quarter after the issuance of such report, the
1168 depository experiences a decline in its risk-based capital ratio to a level
1169 that would require the depository to maintain a higher amount of
1170 eligible collateral under subdivisions (1) to (4), inclusive, of this
1171 subsection, the depository shall increase the amount of eligible
1172 collateral maintained by it to the minimum required under
1173 subdivisions (1) to (4), inclusive, of this subsection based on such lower
1174 risk-based capital ratio and shall notify the commissioner of its actions;
1175 and (B) if, during any calendar quarter after the issuance of such
1176 report, the commissioner reasonably determines that the depository's
1177 risk-based capital ratio is likely to decline to a level that would require
1178 the depository to maintain a higher amount of eligible collateral under
1179 subdivisions (1) to (4), inclusive, of this subsection, the commissioner
1180 may require that the depository increase the amount of eligible
1181 collateral maintained by it to the minimum required under
1182 subdivisions (1) to (4), inclusive, of this subsection based on the
1183 commissioner's determination of such lower risk-based capital ratio.

1184 Sec. 10. Subsection (b) of section 36a-139b of the general statutes is
1185 repealed and the following is substituted in lieu thereof (*Effective July*
1186 *1, 2003*):

1187 (b) The converting bank shall file with the commissioner a proposed
1188 plan of conversion, a copy of the proposed amended certificate of
1189 incorporation and a certificate by the secretary of the converting bank
1190 that the proposed plan of conversion and proposed certificate of
1191 incorporation have been approved in accordance with subsection (c) of
1192 this section.

1193 Sec. 11. Section 36a-435b of the general statutes is repealed and the
1194 following is substituted in lieu thereof (*Effective July 1, 2003*):

1195 As used in sections 36a-435a to 36a-472a, inclusive, unless the
1196 context otherwise requires:

1197 (1) "Branch" means any office of a Connecticut credit union at a
1198 fixed location, other than the main office, at which shares or deposits
1199 are received, share drafts or checks are paid, or money is lent;

1200 (2) "Capital" means undivided earnings, regular reserves, other
1201 special purpose reserves, donated equity, and accumulated, unrealized
1202 gains or losses on securities in accordance with generally accepted
1203 accounting principles;

1204 (3) "Certificate of incorporation" means the certificate of
1205 incorporation of a Connecticut credit union and includes in the case of
1206 Connecticut credit unions in existence on July 1, 1975, articles of
1207 association, articles of incorporation and certificates of organization;

1208 (4) "Corporate", when used in conjunction with any institution that
1209 is a Connecticut credit union, federal credit union or out-of-state credit
1210 union, means a corporate credit union, as defined in 12 CFR 704.2, as
1211 from time to time amended;

1212 (5) "Credit manager" means a natural person approved by the
1213 governing board of a Connecticut credit union and employed by such
1214 credit union to supervise its lending activities;

1215 (6) "Credit union service organization services" means those services
1216 that are authorized for credit union service organizations under state
1217 or federal law, and that are closely related to credit union business, are
1218 convenient and useful to credit union business, are reasonably related
1219 to the operations of a credit union or are financial in nature;

1220 (7) "Director" means a member of the governing board, a director
1221 emeritus or an advisory director of a Connecticut credit union;

1222 (8) "Federal Credit Union Act" means 12 USC Section 1751 et seq., as
1223 from time to time amended;

1224 (9) "Financial institution" means any Connecticut credit union, bank,
1225 federal credit union, out-of-state bank or out-of-state credit union;

1226 (10) "Immediate family member" means any person related by
1227 blood, adoption or marriage to a person within the field of
1228 membership of the Connecticut credit union;

1229 (11) "Member" means any person who has been admitted to
1230 membership in the Connecticut credit union in accordance with this
1231 chapter;

1232 (12) "Member in good standing" means a member who (A) owns at
1233 least one membership share in a credit union, (B) is current on all
1234 credit obligations to the credit union, and (C) has not caused the credit
1235 union a credit or share loss that remains outstanding;

1236 (13) "Membership share" means a share equal to the stated par value
1237 of the Connecticut credit union which may not be withdrawn or
1238 transferred except upon termination of membership and which confers
1239 membership and voting rights on the member;

1240 (14) "Mobile branch" means any office of a Connecticut credit union
1241 at which credit union business is conducted, which is in fact moved or
1242 transported to one or more predetermined locations in accordance
1243 with a predetermined schedule;

1244 [(14)] (15) "Multiple common bond membership" means a field of
1245 membership consisting of more than one group of individuals, each of
1246 which has, within the group, a common bond of occupation or
1247 association;

1248 [(15)] (16) "Officer" means the chairperson, vice chairperson,
1249 secretary and treasurer of the governing board of a Connecticut credit
1250 union;

1251 [(16)] (17) "Senior management" means the president or chief
1252 executive officer, vice president or vice chief executive officer, chief
1253 financial officer, credit manager, and any person occupying a similar
1254 status or performing a similar function;

1255 [(17)] (18) "Share" means the basic unit of moneys held by a member
1256 of a Connecticut credit union in share accounts at a Connecticut credit
1257 union on which a dividend may be paid;

1258 [(18)] (19) "Single common bond membership" means a field of
1259 membership consisting of one group that has a common bond of
1260 occupation or association.

1261 Sec. 12. Section 36a-455a of the general statutes is repealed and the
1262 following is substituted in lieu thereof (*Effective July 1, 2003*):

1263 A Connecticut credit union may:

1264 (1) Transact a general credit union business and exercise by its
1265 governing board or duly authorized members of senior management,
1266 subject to applicable law, all such incidental powers as are consistent
1267 with its purposes. The express powers authorized for a Connecticut
1268 credit union under this section do not preclude the existence of
1269 additional powers deemed to be incidental to the transaction of a
1270 general credit union business pursuant to this subdivision;

1271 (2) (A) Issue shares to its members and receive payments on shares
1272 from its members and from those nonmembers specified in subsection
1273 (e) of section 36a-456a, subject to the provisions of sections 36a-290 to
1274 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and section 36a-456a,
1275 (B) receive deposits of members and nonmembers subject to provisions
1276 of sections 36a-456a and 36a-456b, (C) reduce the amount of its
1277 member and nonmember shares and deposits, and (D) expel members
1278 and cancel shares in accordance with section 36a-439a;

1279 (3) Make and use its best efforts to make secured and unsecured
1280 extensions of credit to its members in accordance with section 36a-265

1281 and sections 36a-457a, 36a-457b and 36a-458a;

1282 (4) Invest its funds in accordance with section 36a-459a;

1283 (5) Declare and pay dividends in accordance with sections 36a-441a
1284 and 36a-456c, and pay interest refunds to borrowers;

1285 (6) Act as a finder or agent for the sale of insurance and fixed and
1286 variable rate annuities directly, sell insurance and such annuities
1287 indirectly through a Connecticut credit union service organization, or
1288 enter into arrangements with third-party marketing organizations for
1289 the sale by such third-party marketing organizations of insurance or
1290 such annuities on the premises of the Connecticut credit union or to
1291 members of the Connecticut credit union, provided: (A) Such
1292 insurance and annuities are issued or purchased by or from an
1293 insurance company licensed in accordance with section 38a-41; and (B)
1294 the Connecticut credit union, Connecticut credit union service
1295 organization or third-party marketing organization, and any officer
1296 and employee thereof, shall be licensed as required by section 38a-769
1297 before engaging in any of the activities authorized by this subdivision.
1298 As used in this subdivision, "annuities" and "insurance" have the same
1299 meanings as set forth in section 38a-41, except that "insurance" does
1300 not include title insurance. The provisions of this subdivision do not
1301 authorize a Connecticut credit union or Connecticut credit union
1302 service organization to underwrite insurance or annuities;

1303 (7) Borrow money to an amount not exceeding fifty per cent of the
1304 total assets of the Connecticut credit union provided the credit union
1305 shall give prior notice to the Commissioner of Banking in writing of its
1306 intention to borrow amounts in excess of thirty-five per cent of its total
1307 assets;

1308 (8) Act as fiscal agent for the federal government, this state or any
1309 agency or political subdivision thereof;

1310 (9) Provide loan processing, loan servicing, member check and
1311 money order cashing services, disbursement of share withdrawals and

1312 loan proceeds, money orders, internal audits, automated teller
1313 machine services and other similar services to other Connecticut credit
1314 unions, federal credit unions and out-of-state credit unions;

1315 (10) Provide finder services to its members, including the offering of
1316 third party products and services through the sale of advertising space
1317 on its web site, account statements and receipts, and the sale of
1318 statistical or consumer financial information to outside vendors in
1319 accordance with sections 36a-40 to 36a-45, inclusive, in order to
1320 facilitate the sale of such products to the members of such Connecticut
1321 credit union;

1322 (11) With the prior approval of the Commissioner of Banking,
1323 exercise fiduciary powers;

1324 (12) Maintain and rent safe deposit boxes within suitably
1325 constructed vaults, provided the Connecticut credit union has
1326 adequate insurance coverage for losses related to such rental;

1327 (13) Provide certification services, including notary services,
1328 signature guaranties, certification of electronic signatures and share
1329 draft certifications;

1330 (14) Act as agent (A) in the collection of taxes for any qualified
1331 treasurer of any taxing district or qualified collector of taxes, or (B) for
1332 any electric, electric distribution, gas, water or telephone company
1333 operating within this state in receiving moneys due such company for
1334 utility services furnished by it;

1335 (15) Issue and sell securities which (A) are guaranteed by the
1336 Federal National Mortgage Association or any other agency or
1337 instrumentality authorized by state or federal law to create a
1338 secondary market with respect to extensions of credit of the type
1339 originated by the Connecticut credit union, or (B) subject to the
1340 approval of the Commissioner of Banking, relate to extensions of credit
1341 originated by the Connecticut credit union and are guaranteed or
1342 insured by a financial guaranty insurance company or comparable

1343 private entity;

1344 (16) Establish a charitable fund, either in the form of a charitable
1345 trust or a nonprofit corporation to assist in making charitable
1346 contributions, provided (A) the trust or nonprofit corporation is
1347 exempt from federal income taxation and may accept charitable
1348 contributions under Section 501 of the Internal Revenue Code of 1986,
1349 or any subsequent corresponding internal revenue code of the United
1350 States, as from time to time amended, (B) the trust or nonprofit
1351 corporation's operations are disclosed fully to the Commissioner of
1352 Banking upon request, and (C) the trust department of the credit union
1353 or one or more directors or members of senior management of the
1354 credit union act as trustees or directors of the fund;

1355 (17) In the discretion of a majority of its governing board, make
1356 contributions or gifts to or for the use of any corporation, trust or
1357 community chest, fund or foundation created or organized under the
1358 laws of the United States or of this state and organized and operated
1359 exclusively for charitable, educational or public welfare purposes, or of
1360 any hospital which is located in this state and which is exempt from
1361 federal income taxes and to which contributions are deductible under
1362 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
1363 corresponding internal revenue code of the United States, as from time
1364 to time amended;

1365 (18) [Sell] Subject to the provisions of section 36a-455b, as amended
1366 by this act, sell, pledge or assign any or all of its outstanding
1367 extensions of credit to any other lending institution, credit union
1368 service organization or quasi-governmental entity and any
1369 government-sponsored enterprise, and act as collecting, remitting and
1370 servicing agent in connection with any such extension of credit and
1371 charge for its acts as agent. Any such credit union may purchase the
1372 minimum amount of capital stock of such entity or enterprise if
1373 required by that entity or enterprise to be purchased in connection
1374 with the sale, pledge or assignment of extensions of credit to that entity
1375 or enterprise and may hold and dispose of such stock, provided that

1376 with respect to purchases of stock of a credit union service
1377 organization, the Connecticut credit union shall not exceed the
1378 limitations of section 36a-459a. A Connecticut credit union may
1379 purchase one or more outstanding extensions of credit from any other
1380 lending institution and any federally-recognized Native American
1381 tribe, provided there exists a formal written agreement with tribal
1382 government to permit the credit union to service and collect on such
1383 extensions of credit;

1384 (19) [Sell] Subject to the provisions of sections 36a-455b, as amended
1385 by this act, sell a participating interest in any or all of its outstanding
1386 extensions of credit to and purchase a participating interest in any or
1387 all of the outstanding extensions of credit of any financial institution or
1388 credit union service organization pursuant to an appropriate written
1389 participation and servicing agreement to be signed by all parties
1390 involved in such transaction;

1391 (20) With the approval of the Commissioner of Banking, join the
1392 Federal Home Loan Bank System and borrow funds as provided under
1393 federal law;

1394 (21) [Sell] Subject to the provisions of section 36a-455b, as amended
1395 by this act, sell all or part of its assets, other than extensions of credit,
1396 to other lending institutions, purchase all or part of the assets, other
1397 than extensions of credit, of other lending institutions, and assume all
1398 or part of the shares and the liabilities of any other credit union or out-
1399 of-state credit union;

1400 (22) With the prior written approval of the Commissioner of
1401 Banking, engage in closely related activities, unless the Commissioner
1402 of Banking determines that any such activity shall be conducted by a
1403 credit union service organization of the Connecticut credit union,
1404 utilizing such organizational, structural or other safeguards as the
1405 Commissioner of Banking may require, in order to protect the
1406 Connecticut credit union from exposure to loss. As used in this
1407 subdivision, "closely related activities" means those activities that are

1408 closely related, convenient and necessary to the business of a
1409 Connecticut credit union, are reasonably related to the operation of a
1410 Connecticut credit union or are financial in nature including, but not
1411 limited to, business and professional services, data processing, courier
1412 and messenger services, credit-related activities, consumer services,
1413 services related to real estate, financial consulting, tax planning and
1414 preparation, community development activities, or any activities
1415 reasonably related to such activities;

1416 (23) With the approval of the Commissioner of Banking, engage in
1417 any activity that a federal credit union or out-of-state credit union may
1418 be authorized to engage in under state or federal law. The application
1419 for such approval shall be in writing and shall include a description of
1420 the activity, a description of the financial impact of the activity on the
1421 Connecticut credit union, citation of the legal authority to engage in
1422 the activity under state or federal law, a description of any limitations
1423 or restrictions imposed on such activity under state or federal law, and
1424 any other information that the Commissioner of Banking may require.
1425 The Commissioner of Banking shall approve or disapprove such
1426 activity not later than thirty days after the application filed is complete.
1427 The Commissioner of Banking may impose any limitations or
1428 conditions to ensure that any such activity is conducted in a safe and
1429 sound manner with adequate consumer protections. The provisions of
1430 this subdivision do not authorize a Connecticut credit union or a
1431 Connecticut credit union service organization to sell title insurance.

1432 Sec. 13. Section 36a-455b of the general statutes is repealed and the
1433 following is substituted in lieu thereof (*Effective July 1, 2003*):

1434 (a) A Connecticut credit union may, with the approval of the
1435 commissioner, [sell all or] transfer all or a significant part of its assets
1436 [in accordance with the provisions of section 36a-210] as provided in
1437 subdivisions (18), (19) and (21) of section 36a-455a, as amended by this
1438 act, or transfer all or a significant part of its assets or business to a
1439 bank, a Connecticut credit union or a federal credit union. The
1440 commissioner shall not approve such transfer if the acquirer, including

1441 all insured depository institutions which are affiliates of the acquirer,
1442 upon consummation of the sale, would control thirty per cent or more
1443 of the total amount of deposits of insured depository institutions in
1444 this state, unless the commissioner permits a greater percentage of
1445 such deposits. The transferring credit union and the acquirer shall file
1446 with the commissioner a written agreement describing the terms and
1447 conditions of the transaction, and such additional information as may
1448 be required by the commissioner. Such agreement shall be approved
1449 and executed by a majority of the governing board of the transferring
1450 credit union and of the acquirer, provided if the acquirer does not have
1451 a governing board, the agreement may be executed by a person
1452 authorized to execute the agreement on behalf of the acquirer.
1453 Payment for all or part of the assets and business of the transferring
1454 credit union may be made in cash or by making available on demand
1455 to share account holders and other creditors thereof funds on deposit
1456 with the acquirer. The commissioner may require the transferring
1457 credit union to obtain authorization for the transfer by the affirmative
1458 vote of at least a majority of the members of such credit union. A
1459 Connecticut credit union that transfers all of its assets and business
1460 shall comply with the provisions of section 36a-470a.

1461 (b) A Connecticut credit union may, with the approval of the
1462 commissioner, sell a branch.

1463 (c) No Connecticut credit union may acquire all or a significant part
1464 of the assets or business of a federal credit union without the approval
1465 of the commissioner. Such Connecticut credit union shall file with the
1466 commissioner an application that includes a copy of any notice,
1467 application and other information filed with any federal credit union
1468 regulator in connection with such acquisition and such additional
1469 information as may be required by the commissioner.

1470 Sec. 14. Section 36a-462a of the general statutes is repealed and the
1471 following is substituted in lieu thereof (*Effective July 1, 2003*):

1472 (a) (1) No Connecticut credit union shall establish a branch in this

1473 state or outside of this state unless prior to such establishment the
1474 credit union has filed with the Commissioner of Banking an
1475 application to establish a branch. [and such application has not been
1476 disapproved by] The Connecticut credit union may establish such
1477 branch unless the Commissioner of Banking disapproves the
1478 application not later than thirty days after the application has been
1479 filed with the Commissioner of Banking.

1480 [(b)] The Commissioner of Banking may disapprove an application
1481 to establish a branch if the Commissioner of Banking finds that: [(1)]
1482 (A) Establishment of the proposed branch is inconsistent with safety
1483 and soundness; [(2)] (B) establishment of the proposed branch is
1484 inconsistent with the Connecticut credit union's field of membership;
1485 [(3)] (C) in the case of a Connecticut credit union whose membership is
1486 limited to persons with a single common bond or multiple common
1487 bond, [establishment of the proposed branch will result in an
1488 impermissible overlap with the field of membership of other credit
1489 unions] the establishment of the proposed branch will result in an
1490 oversaturation of credit unions in the town in which the branch is to be
1491 located; [(4)] (D) in the case of a Connecticut credit union whose
1492 membership is limited to a well-defined community, neighborhood or
1493 rural district, [(A)] (i) the proposed branch is not generally accessible
1494 to the public, [(B) the] (ii) establishment of the proposed branch will
1495 result in an oversaturation of financial institutions in the town in
1496 which the branch is to be located, or [(C)] (iii) such credit union does
1497 not have a record of compliance with the requirements of sections 36a-
1498 37 to 36a-37e, inclusive; or [(5)] (E) in the case of an out-of-state branch,
1499 the laws of such other state do not authorize the establishment of such
1500 branch.

1501 [(c)] Except as provided in [subsection (b) of this section] this
1502 subdivision, a Connecticut credit union may establish or operate a
1503 branch in the same or approximately the same location as another
1504 financial institution, provided any such institution's insurable accounts
1505 or deposits are federally insured.

1506 ~~[(d) (1)]~~ (2) (A) A Connecticut credit union that proposes to close a
1507 branch within or outside of this state shall submit to the Commissioner
1508 of Banking a notice of the proposed closing as soon as possible but not
1509 less than thirty days prior to the closing date. The notice shall include a
1510 detailed statement of the reasons for the decision to close the branch.

1511 ~~[(2)]~~ (B) The Connecticut credit union shall provide notice of the
1512 proposed closing to its members by:

1513 ~~[(A)]~~ (i) Posting such notice in a conspicuous manner on the
1514 premises of the branch proposed to be closed at least thirty days prior
1515 to the closing, and

1516 ~~[(B)]~~ (ii) Including such notice in at least one regular account
1517 statement mailed to its members who utilize the branch proposed to be
1518 closed, or in a separate mailing to such members at least thirty days
1519 prior to the closing date.

1520 ~~[(e)]~~ (3) With the approval of the Commissioner of Banking, any
1521 Connecticut credit union may relocate any branch within this state in
1522 accordance with such notice and other requirements as the
1523 Commissioner of Banking may prescribe. As used in this [subsection]
1524 subdivision, "relocate" means to move within the same immediate
1525 neighborhood without substantially affecting the nature of the
1526 business or members served.

1527 (b) (1) No Connecticut credit union shall establish a mobile branch
1528 in this state or outside of this state unless prior to such establishment
1529 the credit union has filed with the commissioner an application to
1530 establish a mobile branch listing each predetermined location. The
1531 Connecticut credit union may establish such mobile branch unless the
1532 commissioner disapproves the application not later than thirty days
1533 after the application has been filed with the commissioner. The
1534 commissioner may disapprove an application for a mobile branch if
1535 the commissioner makes such findings under subdivision (1) of
1536 subsection (a) of this section as the commissioner deems necessary. A
1537 mobile branch shall be conspicuously identified as a branch of a

1538 Connecticut credit union.

1539 (2) A Connecticut credit union that proposes to close any mobile
1540 branch shall submit to the commissioner a notice of the proposed
1541 closing not later than thirty days prior to the date proposed for such
1542 closing. The notice shall include a detailed statement of the reasons for
1543 the decision to close the mobile branch.

1544 (3) A Connecticut credit union that proposes to close any
1545 predetermined location of a mobile branch shall notify the
1546 commissioner prior to the closing of such location.

1547 [(f)] (c) The Commissioner of Banking may examine and supervise
1548 the out-of-state branches of any Connecticut credit union and may
1549 enter into agreements with other state or federal credit union
1550 regulators concerning such examination or supervision. Any such
1551 agreement may include provisions concerning the assessment or
1552 sharing of fees for such examination or supervision.

1553 Sec. 15. Section 36a-462b of the general statutes is repealed and the
1554 following is substituted in lieu thereof (*Effective July 1, 2003*):

1555 (a) (1) An out-of-state, state-chartered credit union may, with the
1556 prior written approval of the Commissioner of Banking, establish a
1557 branch in this state, provided the laws of [such state] the state in which
1558 the out-of-state, state-chartered credit union is organized authorize
1559 under conditions no more restrictive than those imposed by the laws
1560 of this state as determined by the Commissioner of Banking, a
1561 Connecticut credit union to establish a branch in that state. The
1562 Commissioner of Banking shall not grant approval unless the
1563 Commissioner of Banking determines that such out-of-state credit
1564 union: (A) Is financially solvent; (B) maintains share insurance as
1565 required under the Federal Credit Union Act; and (C) is effectively
1566 examined and supervised by an official of the state in which it is
1567 [chartered] organized. The Commissioner of Banking may disapprove
1568 the establishment of any such branch if any of the reasons specified in
1569 subsection [(b)] (a) of section 36a-462a, as amended by this act, if

1570 applied to an out-of-state, state-chartered credit union, exists. An out-
1571 of-state, state-chartered credit union that has established a branch in
1572 this state may, with the approval of the Commissioner of Banking,
1573 establish additional branches in this state in accordance with this
1574 section.

1575 (2) An out-of-state, federally-chartered credit union may, with prior
1576 written notice to the Commissioner of Banking, establish a branch or
1577 additional branches in this state. A federal credit union may, with
1578 prior written notice to the Commissioner of Banking, establish
1579 additional branches in this state.

1580 (b) The Commissioner of Banking may examine and supervise the
1581 Connecticut branches of any out-of-state, state-chartered credit union
1582 and may enter into agreements with other state or federal credit union
1583 regulators concerning such examinations or supervision. Any such
1584 agreement may include provisions concerning the assessment or
1585 sharing of fees for such examination or supervision.

1586 (c) The Commissioner of Banking may, after giving notice and an
1587 opportunity to be heard to any out-of-state, state-chartered credit
1588 union, revoke or suspend the approval given to such out-of-state credit
1589 union to establish a branch in this state for any reason that would be
1590 sufficient grounds to deny an application to establish a branch in this
1591 state.

1592 (d) With prior written approval of the commissioner, an out-of-state,
1593 state-chartered credit union may expand its field of membership to
1594 add members in this state, provided the laws of the state in which the
1595 out-of-state credit union is organized authorize, under conditions no
1596 more restrictive than those imposed by the laws of this state as
1597 determined by the commissioner, a Connecticut credit union to expand
1598 its field of membership located in that state, and the proposed field of
1599 membership has been approved by the state in which such out-of-state
1600 credit union is organized. The commissioner shall not approve such
1601 expansion unless the commissioner determines that: (1) Such out-of-

1602 state credit union is a credit union organized under laws similar to
1603 sections 36a-435a to 36a-472a, inclusive; (2) such out-of-state credit
1604 union is financially solvent; (3) such out-of-state credit union has share
1605 insurance as provided under the Federal Credit Union Act; (4) such
1606 out-of-state credit union is effectively examined and supervised by an
1607 official of the state in which it is organized; and (5) any potential harm
1608 that the expansion of the field of membership of such out-of-state
1609 credit union may have on any Connecticut credit union and its
1610 members is clearly outweighed in the public interest by the probable
1611 beneficial effect of the expansion in meeting the convenience and
1612 needs of the members of the group proposed to be included in the
1613 proposed field of membership.

1614 Sec. 16. Subdivision (3) of subsection (b) of section 36a-468a of the
1615 general statutes is repealed and the following is substituted in lieu
1616 thereof (*Effective July 1, 2003*):

1617 (3) If the Commissioner of Banking is satisfied that the requirements
1618 of this chapter have been complied with, the Commissioner of Banking
1619 shall issue an approval of the merger, which approval may contain
1620 such terms and conditions as the Commissioner of Banking deems
1621 necessary or appropriate. After approval of the merger by the
1622 Commissioner of Banking, the resulting credit union shall file a copy
1623 of the merger agreement, the plan of merger, the certificate of
1624 amendment to its certificate of incorporation, if any, and the
1625 Commissioner of Banking's approval in the office of the Secretary of
1626 the State. Within ten days after such documents are filed with the
1627 Secretary of the State, the resulting credit union shall file with the
1628 Commissioner of Banking copies of such filed documents, and in the
1629 case of a Connecticut credit union that is the resulting credit union, a
1630 copy of its amended bylaws, if any. The merger agreement may
1631 provide for the effective date of the proposed merger, which shall not
1632 be earlier than the filing of the agreement and the approval of the
1633 commissioner in the office of the Secretary of the State. If the
1634 agreement does not provide for an effective date, the merger shall
1635 become effective on the date of the filing of the agreement and

1636 approval in the office of the Secretary of the State.

1637 Sec. 17. Subdivision (4) of subsection (a) of section 36a-469c of the
1638 general statutes is repealed and the following is substituted in lieu
1639 thereof (*Effective July 1, 2003*):

1640 (4) In the case of a converting Connecticut credit union, the plan of
1641 conversion shall require the approval of a majority of the governing
1642 board. After approving the plan of conversion, the governing board of
1643 the converting Connecticut credit union shall establish the date and
1644 time of a regular or special meeting of members for vote on the
1645 proposal. Written notice of the meeting at which the proposal is to be
1646 considered together with a mail ballot and a disclosure statement shall
1647 be hand-delivered or mailed to each member, at such member's last-
1648 known address as shown on the records of the converting Connecticut
1649 credit union, not more than thirty days nor less than fourteen days
1650 prior to the date of the meeting. The disclosure statement shall include,
1651 at a minimum, a description of (A) the reasons for the proposed
1652 conversion; (B) the differences between membership rights in the
1653 converting credit union and depositor rights in the proposed mutual
1654 savings bank, mutual savings and loan association or mutual
1655 community bank; and (C) the significant differences between the
1656 authorized powers of the converting credit union and those of the
1657 proposed mutual savings bank, mutual savings and loan association or
1658 mutual community bank. The notice, disclosure statement and mail
1659 ballot [shall comply with the requirements of Appendix A to 12 CFR
1660 Part 708a, as from time to time amended, and] shall be submitted to
1661 the commissioner for approval prior to distribution to members. Each
1662 member of the converting Connecticut credit union may cast one vote
1663 on the proposal. The affirmative vote of two-thirds of all the members
1664 voting, including those votes cast in person and those ballots properly
1665 completed and received by the converting Connecticut credit union
1666 prior to the time of the meeting, shall be required for approval of the
1667 conversion.

1668 Sec. 18. Section 35-2 of the general statutes is repealed and the

1669 following is substituted in lieu thereof (*Effective July 1, 2003*):

1670 No partnership, common law trust or association, or individual
1671 using a trade name, shall use, either as a part of its name or as a prefix
1672 or suffix thereto or as a designation of the business carried on by it, the
1673 word "bank", "banking", "banker", "bankers", "trust" or "savings",
1674 provided either the word "bankers" or the word "trust" may be so used
1675 when qualified and immediately preceded by the word "investment",
1676 but not followed by the word "company" or "corporation". The
1677 provisions of this section shall not apply to any charitable or athletic
1678 association. No provision of this section shall prevent any association
1679 organized under the provisions of section [36a-85] 36a-70 from using
1680 the term "savings" either as a part of its name or as a prefix or suffix
1681 thereto or as a designation of the business carried on by it.

1682 Sec. 19. Section 52-565a of the general statutes is repealed and the
1683 following is substituted in lieu thereof (*Effective October 1, 2003*):

1684 (a) A drawer negotiating a check who knows or should know that
1685 payment of such check will be refused by the drawee bank either
1686 because the drawer has no account with such bank or because the
1687 drawer has insufficient funds on deposit with such bank shall be liable
1688 to the payee for damages, in addition to the face amount of the check,
1689 provided the payee has presented such check for payment, the check is
1690 dishonored and the drawer fails to pay the face amount of such check
1691 within thirty days following the date of mailing by the payee of the
1692 written demand for payment as provided in subsection (f) of this
1693 section.

1694 (b) In the case of a drawer negotiating a check who knows or should
1695 know that payment of such check will be refused by the drawee bank
1696 because the drawer has no account with such bank, such damages
1697 shall be in an amount to be determined by the court in light of the
1698 circumstances, but in no event shall such amount be greater than the
1699 face amount of the check or seven hundred fifty dollars, whichever is
1700 less.

1701 (c) In the case of a drawer negotiating a check who knows or should
1702 know that payment of such check will be refused by the drawee bank
1703 because the drawer has insufficient funds on deposit with such bank,
1704 such damages shall be in an amount to be determined by the court in
1705 light of the circumstances, but in no event shall such amount be greater
1706 than the face amount of the check or four hundred dollars, whichever
1707 is less.

1708 (d) The drawer shall not be liable to the payee for the damages
1709 provided for by this section if: (1) The drawer gave such check as
1710 payment for residential service supplied by a gas, electric, steam,
1711 telephone or water utility; (2) the drawer gave such check as payment
1712 for the rental of residential premises; or (3) the drawer gave such check
1713 as repayment of all, or a portion of, a debt secured by collateral which
1714 the payee has repossessed.

1715 (e) The damages provided for in this section shall be available only
1716 to those persons or entities which post or otherwise give conspicuous
1717 notice to the public of the damages which may be imposed pursuant to
1718 this section. Such notice shall set forth: (1) The damages that may be
1719 imposed if a check is dishonored; (2) the section of the general statutes
1720 authorizing imposition of such damages; and (3) that criminal
1721 penalties also may apply.

1722 (f) The written demand for payment on the dishonored check shall
1723 be in the form prescribed by subsection (g) of this section and shall be
1724 sent to the drawer's last-known residence address or last-known place
1725 of business (1) by first class mail and [by] certified mail return receipt
1726 requested with delivery restricted to the drawer, [on] or (2) by first
1727 class mail or regular mail supported by an affidavit of service by mail.
1728 Such written demand for payment shall be sent on or after the date the
1729 payee received notice that such check had been dishonored. Such
1730 affidavit of service by mail shall provide substantially as follows:

T216 STATE OF) AFFIDAVIT OF SERVICE

T217) BY MAIL
T218 COUNTY OF)

1731, being first duly sworn on oath, deposes and states that he/she is
1732 of legal age and that on (date), 20.., he/she served the attached
1733 Written Demand for Payment, by placing a true and correct copy
1734 thereof securely enclosed in an envelope addressed as follows:

1735

1736

1737

1738

1739 and deposited the same, with postage prepaid, in the United States
1740 mails at,

1741

1742 (Signature)

1743 Subscribed and sworn to before me this day of, 20...

1744

1745 Notary Public

1746 County,

1747 (SEAL)

1748 (g) The written demand for payment required by subsection (f) of
1749 this section shall be printed in at least ten-point type in both English
1750 and Spanish and shall include the following: (1) The name and last-
1751 known address of the drawer; (2) the amount and date of the
1752 dishonored check; (3) the bank upon which the check was drawn; (4)
1753 the name of the payee; (5) the reason the check was dishonored; (6) the

1754 address to which payment should be delivered; and (7) an explanation
1755 of the damages which may be imposed pursuant to this section in the
1756 event the drawer fails to pay the face amount of the dishonored check.

1757 (h) The penalties provided for in this section shall not apply to any
1758 check for which payment has been stopped by the drawer or to any
1759 check where the drawer has raised a reasonable defense with respect
1760 to the validity of the underlying debt.

1761 (i) Notwithstanding the provisions of this section, in the case of a
1762 drawer who negotiates a check which is dishonored, the payee or its
1763 assignee may impose on the drawer a service charge of up to twenty
1764 dollars, provided, no such service charge may be imposed if (1) the
1765 drawer has stopped payment on the check, (2) the check was stolen, or
1766 (3) the drawer has raised a reasonable defense with respect to the
1767 validity of the underlying debt. The drawer shall not be liable under
1768 this subsection for more than one such service charge for each
1769 dishonored check.

1770 Sec. 20. Subsection (d) of section 36a-459a of the general statutes is
1771 repealed and the following is substituted in lieu thereof (*Effective July*
1772 *1, 2003*):

1773 (d) A Connecticut credit union may, subject to the provisions of
1774 subsections (e), [and] (f) and (g) of section 36a-461a, invest its funds in
1775 or make loans to credit union service organizations provided (1) the
1776 total of any such investment in or loan to any one credit union service
1777 organization does not exceed two per cent of the total assets of the
1778 credit union without regard to the amount derived from the
1779 profitability of such credit union service organization, and (2) the
1780 credit union shall file with the Commissioner of Banking prior written
1781 notice of its intention to make such investment or loan. The
1782 Connecticut credit union may make such investment or loan unless the
1783 Commissioner of Banking disapproves such investment or loan not
1784 later than thirty business days after the notice is filed.

1785 Sec. 21. Subsections (a) and (b) of section 49-8a of the general

1786 statutes are repealed and the following is substituted in lieu thereof
1787 (*Effective July 1, 2003*):

1788 (a) For purposes of this section and section 49-10a:

1789 (1) "Mortgage loan" means a loan secured by a mortgage on one,
1790 two, three or four family residential real property located in the state
1791 of Connecticut, including but not limited to, a residential unit in any
1792 common interest community as defined in section 47-202.

1793 (2) "Person" means an individual, corporation, limited liability
1794 company, business trust, estate, trust, partnership, association, joint
1795 venture, government, governmental subdivision or agency, or other
1796 legal or commercial entity.

1797 (3) "Mortgagor" means the grantor of a mortgage.

1798 (4) "Mortgagee" means the grantee of a mortgage; provided, if the
1799 mortgage has been assigned of record, "mortgagee" means the last
1800 person to whom the mortgage has been assigned of record; provided
1801 further, if the mortgage has been serviced by a mortgage servicer,
1802 "mortgagee" means the mortgage servicer.

1803 (5) "Mortgage servicer" means the last person to whom the
1804 mortgagor has been instructed by the mortgagee to send payments of
1805 the mortgage loan. The person who has transmitted a payoff statement
1806 shall be deemed to be the mortgage servicer with respect to the
1807 mortgage loan described in that payoff statement.

1808 (6) "Attorney-at-law" means any person admitted to practice law in
1809 this state and in good standing.

1810 (7) "Title insurance company" means any corporation or other
1811 business entity authorized and licensed to transact the business of
1812 insuring titles to interests in real property in this state.

1813 (8) "Institutional payor" means any bank or lending institution that,
1814 as part of making a new mortgage loan, pays off the previous

1815 mortgage loan.

1816 [(8)] (9) "Payoff statement" means a statement of the amount of the
 1817 unpaid balance on a mortgage loan, including principal, interest and
 1818 other charges properly assessed pursuant to the loan documentation of
 1819 such mortgage and a statement of the interest on a per diem basis with
 1820 respect to the unpaid principal balance of the mortgage loan.

1821 (b) If a mortgagee fails to execute and deliver a release of mortgage
 1822 to the mortgagor or to the mortgagor's designated agent within sixty
 1823 days from receipt by the mortgagee of payment of the mortgage loan
 1824 (1) in accordance with the payoff statement furnished by the
 1825 mortgagee, or (2) if no payoff statement was provided pursuant to a
 1826 request made under section 49-10a, in accordance with a good faith
 1827 estimate by the mortgagor of the amount of the unpaid balance on the
 1828 mortgage loan using (A) a statement from the mortgagee indicating
 1829 the outstanding balance due as of a date certain, and (B) a reasonable
 1830 estimate of the per diem interest and other charges due, any attorney-
 1831 at-law or duly authorized officer of either a title insurance company or
 1832 an institutional payor may, on behalf of the mortgagor or any
 1833 successor in interest to the mortgagor who has acquired title to the
 1834 premises described in the mortgage or any portion thereof, execute
 1835 and cause to be recorded in the land records of each town where the
 1836 mortgage was recorded, an affidavit which complies with the
 1837 requirements of this section.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>
Sec. 5	<i>July 1, 2003</i>
Sec. 6	<i>July 1, 2003</i>
Sec. 7	<i>July 1, 2003</i>

Sec. 8	<i>July 1, 2003</i>
Sec. 9	<i>July 1, 2003</i>
Sec. 10	<i>July 1, 2003</i>
Sec. 11	<i>July 1, 2003</i>
Sec. 12	<i>July 1, 2003</i>
Sec. 13	<i>July 1, 2003</i>
Sec. 14	<i>July 1, 2003</i>
Sec. 15	<i>July 1, 2003</i>
Sec. 16	<i>July 1, 2003</i>
Sec. 17	<i>July 1, 2003</i>
Sec. 18	<i>July 1, 2003</i>
Sec. 19	<i>October 1, 2003</i>
Sec. 20	<i>July 1, 2003</i>
Sec. 21	<i>July 1, 2003</i>

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Banking Dept.	BF - None	None	None

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill clarifies that the fee for an examination of an out-of-state branch of a Connecticut bank or credit union and a branch in this state of an out-of-state bank or credit union is the actual cost of the examination. Although these examinations have not occurred in the past, the bill clarifies the anticipated practice for cases in the future and would not result in a fiscal impact.

The bill also clarifies current or anticipated practice, makes technical changes and makes various other changes that do not result in a fiscal impact on the state.

Senate "A" makes technical changes and does not result in a fiscal impact.

House "A" allows institutional payors to execute and record certain affidavits and does not result in a fiscal impact.

OLR Bill Analysis

sSB 985 (as amended by Senate "A" and House "A")*

**AN ACT CONCERNING BANK AND CREDIT UNION
TRANSACTIONS****SUMMARY:**

This bill sets the fee for bank and credit union examinations at their actual cost, expands the banking commissioner's authority over institutions' conversions, and bestows certain rights on credit union account holders. It modifies provisions concerning bank branch establishment, operation, consolidation, and relocation. It creates new sections addressing a credit union's sale of its assets and requires credit unions to apply to the commissioner before establishing mobile branches. The bill also eliminates a requirement that the recipient of a bounced check make his request for payment by certified mail.

The bill increases collateral requirements for certain public depositories and defines a "share account holder" as a person maintaining a share account at a Connecticut, federal, or out-of-state credit union. It also deletes obsolete language in the bank and credit union statutes and makes minor and technical changes.

*Senate Amendment "A" makes technical changes.

*House Amendment "A" allows an institutional payor to execute and record an affidavit on a mortgagor's behalf if a mortgagee fails to execute and deliver a release of mortgage to the mortgagor within 60 days after receiving the mortgagor's payment of the loan balance.

EFFECTIVE DATE: July 1, 2003, except for the provision on bounced checks which takes effect October 1, 2003.

FEES***Examination Fees***

The bill specifies that the fee will be the actual cost, as the commissioner determines, for the examination of (1) a Connecticut bank organized to function solely in a fiduciary capacity or (2) an out-of-state branch of a Connecticut bank or credit union or a Connecticut branch of an out-of-state bank or credit union.

The bill allows the commissioner to share the examination fee with other banking regulators in accordance with agreements he enters into when (1) a Connecticut bank relocates a branch or limited branch established outside Connecticut to another location outside the state; (2) an out-of-state bank merges or consolidates with a bank, acquires a bank's assets, or establishes a de novo branch in Connecticut; (3) a Connecticut bank merges or consolidates with an out-of-state bank where the resulting institution is a bank; or (4) a Connecticut bank acquires an out-of-state bank's branch, a significant part of its assets, or at least 10% of its stock. The bill also allows the commissioner to share the fee with other credit union regulators in accordance with agreements he enters into for the examination and supervision of a Connecticut credit union's out-of-state branches and a state-chartered out-of-state credit union's Connecticut branches.

Acquisition Fee

The bill extends the \$2,500 fee for acquiring assets to cover state and federal credit unions and eliminates this fee for assumption of a bank's liabilities.

CONVERSIONS

The law requires a converting institution's eligible account holders to receive subscription rights to buy the converted institution's capital stock. The bill specifies that the commissioner's regulations dealing with the conversion identify which account holders will be eligible for the subscription rights. It also requires the converting institution to offer subscription rights to account holders before offering them to the community or the general public. Current law only requires subscription rights to be offered to account holders before the general public and does not address the community.

The bill allows, rather than requires, the commissioner to approve conversions that meet specified criteria under current law, and precludes him from approving conversions that do not meet these

criteria. It clarifies that the documents a converting bank must file when converting to an uninsured bank include a proposed amended certificate of incorporation. Current law only refers to a proposed certificate of incorporation.

BRANCHES

Current law requires branches to maintain minimum banking hours of 9 a.m. to 3 p.m., Monday through Friday. The bill eliminates the specific hours requirement and simply requires branches to be open for banking business Monday through Friday. The bill defines branch consolidation as combining within the same neighborhood, without substantially affecting the nature of the business or customers served, (1) two or more branches into a single branch, (2) one or more branches and one or more limited branches into a single branch or limited branch, (3) two or more limited branches into a single branch, or (4) one or more branches or limited branches into a main office.

The law requires the commissioner to consider several factors when deciding whether to allow a bank to establish a new branch. Under the bill, the commissioner would have to determine whether establishment of the branch is consistent with safe and sound banking practices in general, without reference to the town or surrounding area. The bill allows a Connecticut bank, for up to three years after the commissioner issued its final certificate of authority, to establish a branch or limited branch if the proposed branch or limited branch was approved as part of the bank's original application for organization. Unless the commissioner requires approval, the bank only must give him 30 days prior notice that it is establishing the branch or limited branch.

The bill eliminates the need for a Connecticut bank to obtain the commissioner's approval before relocating a branch or limited branch in or out of the state. Instead, it requires the bank to provide 30 days prior written notice to the commissioner and notice to customers. Current law requires banks to get the commissioner's approval and does not require them to give notice to customers. The bill also allows a Connecticut bank to consolidate a branch, limited branch, or main office in or out of the state with 30 days prior notice to the commissioner, and notice to customers, in accordance with the commissioner's requirements. The bill specifies that the commissioner's approval for a Connecticut bank's sale of a branch, limited branch, or mobile branch established outside the state is not

required under the statutes dealing with branches if it is required under the statutes addressing sale of assets.

SALE OF ASSETS

Banks

The bill broadens banks' options as to the disposition of their assets by changing the terms "sale" and "purchase" to "transfer" and "acquisition" to cover activities such as assignment, transfer, and exchange. It specifies that the statutory provisions dealing with the sale of assets do not apply to a Connecticut bank's liquidation of its retail deposits in connection with its bank's conversion to an uninsured bank. Current law prohibits a bank or out-of-state bank from purchasing or otherwise acquiring a Connecticut bank or credit union's assets and business from that institution's receiver without the commissioner's approval. The bill refines the ban to prohibit a bank or out-of-state bank from acquiring all or a significant part of a Connecticut bank or credit union's assets or business from the institution's receiver without the commissioner's approval.

Credit Unions

The bill allows credit unions to transfer, rather than just sell, all or a significant part of their assets or business, with the commissioner's approval, to a bank, Connecticut credit union, or federal credit union. By current law, a transferring credit union and its acquirer must file with the commissioner a written agreement setting out the transaction's terms and conditions. The bill requires the agreement also to contain such other information as the commissioner requires. Current law requires the agreement to be approved and executed by a majority of the governing board of both the transferring credit union and the acquirer, but the bill specifies that if the acquirer does not have a governing board, someone the acquirer authorizes to execute the agreement on his behalf can do so.

The bill allows the commissioner to require a transferring credit union to obtain authorization for the transfer by the affirmative vote of at least a majority of its members. Current law requires a credit union to get authorization for the sale by the affirmative vote of at least two-thirds of the credit union's voting members. If a Connecticut credit union transfers all of its assets and business, the bill requires it to

comply with existing laws regarding termination and dissolution. Current law requires it to engage in a detailed process, including (1) sending notice to all share account holders and publishing the notice in the newspaper, (2) liquidating its affairs, (3) enforcing a time-limit on share account holders' claims, and (4) distributing any surplus among eligible parties.

The bill eliminates a prohibition on a Connecticut credit union acquiring all or a significant part of a federal credit union's assets or business if the acquisition would result in the Connecticut credit union controlling 30% or more of all bank and credit union deposits in the state, unless the commissioner allows a greater percentage.

INTERSTATE BANKING

The bill allows the commissioner to waive the provisions regarding out-of-state banks as applied to their acquisition of a bank's assets from their receiver.

PUBLIC DEPOSITS

The bill increases collateral requirements for certain public depositories (institutions allowed to hold public funds). Under current law, most institutions must hold an amount equal to between 10% and 120% of their public deposits, depending on their risk-based capital ratio. The bill requires a qualified public depository that is (1) an uninsured bank to maintain, apart from its other assets, an amount equal to 120% of all public deposits it holds and (2) subject to a cease and desist order, or that entered into a stipulation and agreement or letter of understanding and agreement with a bank or credit union supervisor, to maintain, apart from its other assets, 120% of all public deposits it holds, except that the depository and the public depositor can agree on a greater percentage.

CREDIT UNION BRANCHES

Disapproval of Applications

The bill eliminates a provision in current law that allows the commissioner to disapprove a Connecticut credit union's application to establish a branch if allowing the branch would result in an impermissible overlap with the field of membership of other local

credit unions. Instead, the bill allows him to disapprove the application if establishing the proposed branch would result in an oversaturation of credit unions in the town where the branch will be located.

Mobile Branches

The bill requires Connecticut credit unions to file an application with the commissioner listing each predetermined location before establishing a mobile branch in or out of the state. It defines a “mobile branch” as a Connecticut credit union office at which credit union business is conducted, that actually moves or is transported to one or more specific locations in accordance with a predetermined schedule. The commissioner may disapprove the application within 30 days after it is filed. The commissioner can disapprove an application for the same reasons he can disapprove an application to establish a regular branch. The bill requires a mobile branch to be conspicuously identified as a branch of a Connecticut credit union.

The bill requires a Connecticut credit union that proposes to close a mobile branch to submit to the commissioner a notice of the proposed closing no later than 30 days before the proposed closing date. The notice must include a detailed statement of the reasons for the decision to close the mobile branch. If a Connecticut credit union proposes to close a predetermined location of a mobile branch, the bill requires it to notify the commissioner before closing it.

Out-of-State, State-Chartered Credit Unions

The bill also allows the commissioner to enter into agreements with federal, as he already can with other state, credit union regulators concerning the examination or supervision of out-of-state, state-chartered credit unions with branches in Connecticut.

The bill allows an out-of-state state-chartered credit union, with the commissioner’s prior written approval, to expand its field of membership to add members in Connecticut. The out-of-state credit union may expand its field of membership as long as the laws of the state in which it is organized allow a Connecticut credit union to expand its field of membership in that state, under conditions no more restrictive than those the commissioner imposes in Connecticut, and the proposed field of membership has been approved by that state.

The bill prohibits the commissioner from approving an expansion unless he determines that (1) the out-of-state credit union is organized under laws similar to Connecticut's credit union laws, (2) the out-of-state credit union is financially solvent, (3) the out-of-state credit union has share insurance as required by the Federal Credit Union Act, (4) an official from the state where it was organized effectively examines and supervises the out-of-state credit union, and (5) the public interest in the probable benefits to members of the group proposed to be included in the out-of-state credit union's field of membership clearly outweighs any potential harm to Connecticut credit unions and their members.

BAD CHECKS

The bill gives the recipient of a dishonored check the option to make his written demand for payment on the check by first class or regular mail, as long as he includes an affidavit of service by mail. Current law requires him to send the demand by first class and certified mail, return receipt requested, with delivery restricted to the person who wrote the check. Either way he sends the demand, it must be sent on or after the date the payee received notice that the check had bounced. The bill requires the affidavit of service by mail, if the recipient chooses to use first class or regular mail, to follow a form substantially similar to that provided in the bill.

CREDIT UNION MERGER EFFECTIVE DATES

The law requires merging credit unions to file several documents in an application with the commissioner, including a merger agreement. The bill allows the merger agreement to specify the proposed merger's effective date, which cannot be earlier than the date the parties file the agreement and the commissioner's approval in the Secretary of the State's office. If the merger agreement does not contain an effective date, the bill states that the merger is effective on the date the parties file the agreement and approval with the Secretary of the State.

BUSINESS NAMES

The bill corrects a reference to the bank organization statute in a provision exempting banks from the law prohibiting businesses from using the word "savings" as part of their name. Current law refers to a section on savings and loan depositors' votes instead of the section on organizing a bank.

RELEASE OF MORTGAGE

The bill allows an institutional payor's attorney or duly authorized officer, in addition to a title insurance company's attorney or officer, to execute and record an affidavit on a mortgagor's behalf if a mortgagee fails to execute and deliver a release of mortgage to the mortgagor within 60 days after receiving the mortgagor's payment of the loan balance. It defines an institutional payor as any bank or lending institution that, as part of making a new mortgage loan, pays off the previous mortgage loan.

BACKGROUND

Legislative History

On April 15, 2003, the Senate referred the bill to the Finance, Revenue and Bonding Committee. The committee favorably reported a substitute on April 24, 2003, deleting sections that (1) reduced the application and investigation fee for relocating a Connecticut bank's main office from \$2,000 to \$500 and eliminated the \$500 fee for relocating a Connecticut bank's branch or limited branch and (2) eliminated the current \$500 application fee for acquiring, altering, or improving real estate or purchasing adjoining real estate when a Connecticut bank establishes a branch or limited branch.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 19 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 41 Nay 1